



**The Town of Hilton Head Island
Regular Town Council Meeting**

May 17, 2016

4:00 P.M.

BENJAMIN M. RACUSIN COUNCIL CHAMBERS

AGENDA

**As a Courtesy to Others Please Turn Off/Silence All Mobile Devices During
the Town Council Meeting**

- 1) Call to Order**
- 2) Pledge to the Flag**
- 3) Invocation**
- 4) FOIA Compliance** – Public notification of this meeting has been published, posted and distributed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 5) Swearing in of Ward 3 Council Member – David Ames**
 - **The Honorable Maureen Coffey**
- 6) Proclamations and Commendations**
 - a. EMS Week
 - b. National Gun Violence Awareness Day
- 7) Approval of Minutes**
 - a. Town Council Meeting, May 3, 2016
- 8) Report of the Town Manager**
 - a. Town Manager's Items of Interest
 - (1) Town News
 - (2) Noteworthy Events
- 9) Reports from Members of Council**
 - a. General Reports from Council
 - b. Report of the Intergovernmental Relations Committee – Bill Harkins, Chairman
 - c. Report of the Community Services Committee – Kim Likins, Chairman
 - d. Report of the Public Planning Committee – Tom Lennox, Chairman
 - e. Report of the Public Facilities Committee – Lee Edwards, Chairman
 - f. Report of the Public Safety Committee - Marc Grant, Chairman

- g. Report of the Finance and Administrative Committee - John McCann, Chairman
- h. Report of the Circle to Circle Committee - Tom Lennox, Town Council Liaison

10) Unfinished Business

a. Second Reading of Proposed Ordinance 2016-10

Second Reading of Proposed Ordinance 2016-10 to amend Title 16 of the Municipal Code of the Town of Hilton Head Island, South Carolina, the Land Management Ordinance (LMO) , Chapters 2, 3, 4, 5, 6 and 10 and Appendices A and D to revise various sections. These amendments, commonly referred to as *2016 LMO Amendments – First Set* as noticed in the Island Packet on February 14, 2016, include changes that provide for general amendments to a variety of sections in the LMO, and providing for severability and an effective date.

11) New Business

a. Consideration of a Recommendation – Procurement Code

Consideration of a Recommendation to select and utilize a South Carolina licensed attorney or firm to opine as to whether: i. the Town of Hilton Head Island was required to follow its procurement code in its selection of a designated marketing organization and recently entered into contract by the Town and the Hilton Head Island-Bluffton Chamber of Commerce and ii. a procurement occurred at the time the Chamber was selected and codified in the Town of Hilton Head Island Municipal Code as the Designated Marketing Organization, and if so, were there procurement provisions in effect at that time and did any of them apply. Furthermore, consideration of a recommendation by Town Council to release for public disclosure, in some form or fashion, the opinion of the Town Attorney regarding town procurement as it relates to the Town’s recently executed contract with the Hilton Head Island-Bluffton Chamber of Commerce.

b. Consideration of a Recommendation – Island Wide Vision

Consideration of a Recommendation from the Public Planning Committee that the Town Council grant the following authority to the Public Planning Committee: (1) engage Rawle Murdy, the Town’s on-call communication consultant, on a task order to develop a communications plan for the Island Wide Vision; (2) prepare an RFP to hire a Vision Consultant; (3) release the RFP, review and evaluate responses, and recommend a preferred consultant to Town Council for approval; (4) At Town Council’s direction, hire a Vision Consultant to implement the project.

c. First Reading of Proposed Ordinance 2016-12

First Reading of Proposed Ordinance 2016-12 authorizing the issuance and sale of not to exceed \$30,500,000 General Obligation Refunding Bonds, in one or more series including a taxable series, with appropriate series designations, of the Town of Hilton Head Island, South Carolina; fixing the form and certain details of the bonds; authorizing the Town Manager or his lawfully authorized designee to determine certain matters relating to the bonds; providing for the payment of the bonds and the disposition of the proceeds thereof; other matters relating thereto; and providing for severability and an effective date.

d. First Reading of Proposed Ordinance 2016-13

First Reading of Proposed Ordinance 2016-13 authorizing the issuance and sale of not exceeding \$25,000,000 General Obligation Bond Anticipation Notes, Series 2016, or such other appropriate series designation, of the Town of Hilton Head Island, South Carolina; fixing the form and details of the notes; authorizing the Town Manager to determine certain matters relating to the notes; providing for the payment of the notes and the disposition of the proceeds thereof; other matters relating thereto; and providing for severability and an effective date.

e. First Reading of Proposed Ordinance 2016-14

First Reading of Proposed Ordinance 2016-14 authorizing the issuance and sale of not to exceed \$21,200,000 General Obligation Bonds, in one or more series, in one or more years, with appropriate series designations, of the Town of Hilton Head Island, South Carolina; fixing the form and certain details of the bonds; authorizing the Town Manager or his lawfully authorized designee to determine certain matters relating to the bonds; providing for the payment of the bonds and the disposition of the proceeds thereof; to adopt written procedures related to continuing disclosure; other matters relating thereto; and providing for severability and an effective date.

f. First Reading of Proposed Ordinance 2016-15

First Reading of Proposed Ordinance 2016-15 providing for the issuance and sale of Town of Hilton Head Island, South Carolina, Special Obligation Bonds (Beach Preservation Fee Pledge), in one or more series, in the principal amount of not exceeding \$25,200,000; delegating the authority to the Town Manager to determine certain matters with respect to the bonds; prescribing the form and details of such bonds; other matters relating thereto; and providing for severability and an effective date.

g. Consideration of a Resolution – Coligny Road Improvements Project

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, South Carolina, authorizing condemnation, pursuant to S.C. Code Section 28-2-10, *et seq.*, of easement rights and right of way ownership over portions of parcels in the Coligny and South Forest Beach areas on Hilton Head Island to facilitate the Town of Hilton Head Island's Coligny Road Improvements Project.

12) Appearance by Citizens

13) Executive Session

a. Land Acquisition

Discussion of negotiations incident to the proposed sale, lease or purchase of property related to a parcel near the intersection of US 278 and Spanish Wells Road.

Discussion of negotiations incident to the acquisition of easements from several parcels necessary for the implementation of the improvements associated with the Coligny District Redevelopment Conceptual Plan.

b. Legal Matters

Receipt of Legal Advice:

- (1) related to pending litigation concerning a BZA appeal.
- (2) related to a pending threatened potential claim concerning Town procurement regulations.
- (3) regarding a claim related to continuing disclosure in the municipal securities market.

c. Personnel Matters

Appointments to Boards and Commissions

d. Contractual Matters

Related to a proposed MOU with the Sandbox Children's Museum.

14) Possible actions by Town Council concerning matters discussed in Executive Session

a. Consideration of Appointments to Board and Commissions

b. Consideration of an Order of Settlement related to continuing disclosure in the municipal securities market

15) Adjournment

Proclamation

**BY
THE TOWN OF HILTON HEAD ISLAND**

WHEREAS, emergency medical services is a vital public service; and

WHEREAS, the members of emergency medical services teams are ready to provide lifesaving care to those in need 24 hours a day, seven days a week; and

WHEREAS, the emergency medical services system consists of first responders, emergency medical technicians, paramedics, firefighters, educators, administrators, emergency nurses, physicians, and others; and

WHEREAS, the members of emergency medical services teams, whether career or volunteer, engage in thousands of hours of specialized training and continuing education enhance their lifesaving skills; and

WHEREAS, it is appropriate to recognize the value and the accomplishments of emergency medical services providers by designating Emergency Medical Services Week; now

NOW THEREFORE, I David Bennett, Mayor of the Town of Hilton Head Island, do hereby proclaim the week of May 15-21, 2016 as

EMERGENCY MEDICAL SERVICES WEEK

in the Town of Hilton Head Island, South Carolina, with the theme, EMS STRONG – called to care, I encourage the community to observe this week with appropriate programs, ceremonies and activities.

*IN TESTIMONY WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hilton Head Island to be affixed this **Seventeenth day of May, in the Year of our Lord, Two Thousand and Sixteen.***

David Bennett, Mayor

Attest:

Victoria L. Pfannenschmidt, Town Clerk

Proclamation

BY THE TOWN OF HILTON HEAD ISLAND

WHEREAS, every day, 91 Americans are killed by gun violence and the lives of countless others are injured and Americans are 25 times more likely to be murdered with guns than people in other developed countries; and

WHEREAS, support for the Second Amendment rights of law-abiding citizens goes hand-in-hand with keeping guns away from dangerous people; and

WHEREAS, June 2nd, 2016 would have been the 19th birthday of Hadiya Pendleton, a teenager who marched in President Obama's second inaugural parade and was tragically shot and killed just weeks later; and

WHEREAS, to help honor Hadiya – and the 91 Americans whose lives are cut short and the countless survivors who are injured by shootings every day – a national coalition of organizations has designated June 2nd, 2016, as the second annual National Gun Violence Awareness Day; and

WHEREAS, the idea was inspired by a group of Hadiya's friends, who asked their classmates to commemorate her life by wearing orange; they chose this color because hunters wear orange to announce themselves to other hunters when out in the woods and orange is a color that symbolizes the value of human life; and

WHEREAS, on Hilton Head Island, our own community, a vacationland for many, one of our own, Dominique Williams, was taken from his family and from us because of gun violence, and

WHEREAS, anyone can join this campaign by pledging to Wear Orange on June 2nd to help raise awareness about gun violence and honor the lives and lost human potential of Americans stolen by gun violence; and

WHEREAS, we renew our commitment to reduce gun violence and pledge to do all we can to keep firearms out of the wrong hands, and encourage responsible gun ownership to help keep our children safe.

NOW THEREFORE, I David Bennett, Mayor of the Town of Hilton Head Island, do hereby proclaim June 2, 2016 as

NATIONAL GUN VIOLENCE AWARENESS DAY

in the Town of Hilton Head Island, South Carolina, to honor and remember all victims and survivors of gun violence and to declare that we as a country must do more to reduce gun violence.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hilton Head Island to be affixed this Seventeenth day of May, in the Year of our Lord, Two Thousand and Sixteen.

*David Bennett
Mayor*

*Attest:
Victoria Pfannenschmidt
Town Clerk*

THE TOWN OF HILTON HEAD ISLAND
REGULAR TOWN COUNCIL MEETING

Date: Tuesday, May 3, 2016

Time: 4:00 P.M.

Present from Town Council: David Bennett, *Mayor* Bill Harkins, *Mayor Pro Tem*; Lee Edwards, Marc Grant, Tom Lennox, Kim Likins, John McCann, *Council Members*

Present from Town Staff: Steve Riley, Greg DeLoach, *Assistant Town Manager*; Charles Cousins, *Director of Community Development*; Scott Liggett, *Director of Public Projects & Facilities/Chief Engineer*; Brad Tadlock, *Fire Chief*; Brian Hulbert, *Staff Attorney*; Susan Simmons, *Director of Finance*; Tom Fultz, *Director of Administrative Services*; John Troyer, *Deputy Finance Director*; Shawn Colin, *Deputy Director of Community Development*; Teri Lewis, *LMO Official*; Marcy Benson, *Senior Grants Administrator*; Melissa Cope, *Systems Analyst*; Cindaia Ervin, *Finance Assistant*; Vicki Pfannenschmidt *Executive Assistant*;

Present from Media: Rebecca Lurye, Island Packet

1) CALL TO ORDER

Mayor Bennett called the meeting to order at 4:00 p.m.

2) PLEDGE TO THE FLAG

3) INVOCATION

4) FOIA Compliance – Public notification of this meeting has been published, posted and distributed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

5) Proclamations and Commendations

a. Bike Month

Marcy Benson was present to accept the proclamation.

b. Public Service Recognition Week

Town employees Derrick Coaxum, Assistant Facilities Manager; Libby Crosby, Revenue Specialist; John Gill, Fire Captain; and Ray Raffaele, Fire Apparatus Operator were present to accept the proclamation.

c. Mayor's Honored Islander Awards

a. Bill & Phyllis Neville

b. Ryan Wilkie

c. Reverend Ben Williams

Mayor Bennett made remarks concerning each of the Honored Islanders and their contributions to Hilton Head Island and the surrounding communities. All recipients were present to accept their awards.

6) Approval of Minutes

a. Town Council Meeting, April 19, 2016

Mr. Harkins moved to approve. Mr. McCann seconded. The minutes of the April 19, 2016 regular Town Council meeting were approved by a vote of 6-0-1. Mr. Lennox abstained as he was not present at the meeting.

7) **Report of the Town Manager**

a. Town Manager's Items of Interest

Mr. Riley reported on some items of interest listed below.

- (1) Town News
- (2) Noteworthy Events

8) **Reports from Members of Council**

a. General Reports from Council

Mrs. Likins informed Council that she would be working with staff to speak with the PR firm out of Charleston to help with marketing regarding the Venue Committee and distribution of accurate information regarding the activities and scope of work of the Committee.

Mr. Lennox explained that due to a family emergency he was unable to attend the last Town Council meeting. He congratulated the Heritage Classic Foundation, Sea Pines CSA and leadership for hosting a most successful RBC Heritage PGA Golf Tournament. Mr. Lennox also congratulated RBC and Boeing and expressed appreciation for their sponsorships.

Mr. McCann requested that the Circle to Circle Committee conduct a presentation to Council on June 7 regarding their financial needs for the upcoming year to assist with preparing the budget for the next fiscal year. Mayor Bennett requested that Mr. Riley meet with Mr. Gant to obtain the information and bring it forward during the budget cycle.

Mr. Grant thanked Don Kirkman of the Economic Development Corporation, the Hilton Head Island-Bluffton Chamber of Commerce and Hilton Head Island High School for sponsoring the recent job fair.

Mr. Grant stated he attended the Penn Center Gala recently and congratulated all honorees from Beaufort County.

Mr. Harkins reported there is continued discussion with the Don Ryan Center for Innovation and the HHIEDC as to what opportunities would be available in terms of working together. He suggested Mayor Bennett and Mayor Sulka bring Council up to speed and work with them on overall potential direction.

Mr. Lennox requested that the Public Planning Committee recommendation regarding the Vision Project be placed on the May 17 Town Council meeting agenda. Mayor Bennett stated it would be added to the agenda.

Mayor Bennett referenced his request regarding the court ruling on the Hilton Head Island-Bluffton Chamber of Commerce FOIA lawsuit and compliance of such. He reported the Town Attorney's opinion is that the matter is stayed by virtue of the plaintiff's lawyer's acknowledgement that the ruling is indeed stayed. He said he had been wrestling with a comment by a citizen at a meeting in November as to whether or not the Town violated the procurement code in selecting the DMO and entering into a contract. Mayor Bennett stated that after reviewing an analysis from Staff Attorney Brian Hulbert he would like to seek an opinion from outside Counsel as to whether or not the Town has violated the procurement code. Mr. Riley suggested that Council have Town Attorney Gregg Alford weigh in and brief Council at the next executive

session before obtaining outside Counsel. After discussion, all members of Council concurred in obtaining Mr. Alford's opinion. Mayor Bennett stated he would like the opinion prior to him setting the agenda for the next Town Council meeting and stated that if there are any additional questions from any member of Council they will seek an outside opinion.

b. Report of the Intergovernmental Relations Committee – Bill Harkins, Chairman

No report.

c. Report of the Community Services Committee – Kim Likins, Chairman

Mrs. Likins reported the Venue Committee met last week and the next meeting is scheduled for May 4 at 4:00 p.m. She encouraged citizen participation.

d. Report of the Public Planning Committee – Tom Lennox, Chairman

Mr. Lennox stated meetings took place on April 19 and April 27 and reviewed items discussed during the meetings. He stated the next meeting would take place May 5 at 2:00 p.m.

e. Report of the Public Facilities Committee – Lee Edwards, Chairman

No report.

f. Report of the Public Safety Committee - Marc Grant, Chairman

Mr. Grant reported the Committee met on May 2 to review the 1st Quarter Crime Statistics. He reviewed the traffic accident numbers and stated the BCSO is looking at ways to curtail such. Mr. Grant also reported the BCSO will be working with the North Forest Beach area regarding communications and safety in the area. Mayor Bennett asked the status on compiling the documents for outside Council regarding the lockout units. Mr. DeLoach explained there would be a meeting regarding such with the outside Council and Brian Hulbert was working on scheduling. Mayor Bennett requested to be included.

g. Report of the Finance and Administrative Committee - John McCann, Chairman

Mr. McCann said the Committee met earlier in the day. He stated the Committee recommends that the Town increase the budget by \$22,500 annually for televising Committee meetings and that would be coming forward to Town Council. He added that the Committee recommended that a number of affiliated agencies be accepted by Council as presented to the Committee. After discussion, it was concurred by all of Council that the affiliated agencies budgets be presented at the May 10 Town Council Workshop and that representatives of the agencies be present to answer and questions from Council.

h. Report of the Circle to Circle Committee - Tom Lennox, Town Council Liaison

Mr. Lennox reported the Committee met on April 27 to review conclusions on public beaches, proposed shuttle system and parking. Discussion took place regarding potential road connection from Office Park Road to Cordillo Parkway along with other items regarding the Coligny area and access to Sea Pines properties via and Office Park entrance. He said the next meeting was scheduled for May 4 at 8:30 a.m.

9) Unfinished Business

a. Consideration of a Recommendation – HHICAN

Consideration of a Recommendation of the Arts & Cultural Strategic Planning Committee (ACSPC) recommends that Town Council create a Hilton Head Island Cultural & Arts Network (HHICAN) using the same model as the recently created Hilton Head Island Economic Development Corporation.

Mr. Harkins moved for discussion. Mr. McCann seconded. Mrs. Likins requested that the item be taken off the agenda and move it to a Special Finance and Administrative Committee meeting where the Committee can have discussion on the structural set-up of the HHICAN and bring a recommendation to Council. Mr. McCann stated that to speed the process the Committee would hold the Special Meeting on May 10 at 3:00 to facilitate the process. Mr. Grant asked that the meeting take place at 3:15 p.m. All Council members were in agreement.

b. Consideration of a USCB/John Salazar /Clemson Analysis

Consideration of a USCB/Clemson proposed analysis/studies on 1) Residential Demand Assessment for the Hilton Head Island Arts and Cultural Activities and 2) Valuing Arts and Cultural Activities in Hilton Head Island.

Mr. Harkins moved to remove the item from the agenda and postpone consideration until the Arts & Cultural Strategic Planning Committee ultimately define the product and the direction they are going. Mr. McCann seconded. The motion was unanimously approved by a vote of 7-0.

10) New Business

a. First Reading of Proposed Ordinance 2016-09

First Reading of Proposed Ordinance 2016-09 to raise revenue and adopt a budget for the Town of Hilton Head Island, South Carolina, for the Fiscal Year ending June 30, 2017; to establish a property tax levy; to establish funds; to establish a policy for acquisition of rights of way and easements; and providing for severability and an effective date.

Mr. Harkins moved to approve. Mr. McCann seconded.

Mr. Riley presented a power point with an overview of the proposed budget.

The motion was unanimously approved by a vote of 7-0.

b. Consideration of Town Council Budget Initiatives for FY16-17

Consideration of Town Council Budget Initiatives for FY16-17 as submitted by chairpersons of Council Committees with amounts to be included in the fiscal year 2016-2017 budget.

Mr. Harkins moved to approve. Mr. McCann seconded. The motion was unanimously approved by a vote of 7-0.

c. First Reading of Proposed Ordinance 2016-10

First Reading of Proposed Ordinance 2016-10 to amend Title 16 of the Municipal Code of the Town of Hilton Head Island, South Carolina, the Land Management Ordinance (LMO) , Chapters 2, 3, 4, 5, 6 and 10 and Appendices A and D to revise various sections. These amendments, commonly referred to as *2016 LMO Amendments – First Set* as noticed in the Island Packet on February 14, 2016, include changes that provide for general amendments to a variety of sections in the LMO, and providing for severability and an effective date.

Mr. Harkins moved to approve. Mr. McCann seconded.

Teri Lewis answered questions on specific changes from Council.

Tai Scott spoke in opposition of some of the changes.

The motion was unanimously approved by a vote of 7-0.

d. Consideration of a Resolution – 2016 Analysis of Impediments to Fair Housing Choice

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, South Carolina to approve the 2016 Analysis of Impediments to Fair Housing Choice.

Mr. Harkins moved to approve. Mr. McCann seconded. The motion was unanimously approved by a vote of 7-0.

11) Appearance by Citizens

Skip Hoagland addressed Council regarding the Hilton Head Island-Bluffton Chamber of Commerce, the Town and South Carolina procurement.

Lisa Silvan addressed Council regarding the potential traffic issue with the change in the middle school start time.

Tom Hatfield addressed Council regarding the proposed Arts & Cultural Campus.

12) Executive Session

Mr. Riley stated he needed an Executive Session for the following: Land Acquisition: Discussion of negotiations incident to the acquisition of easements from several parcels necessary for the implementation of the improvements associated with the Coligny District Redevelopment Conceptual Plan and Personnel Matters: Appointments to Boards and Commissions: (1)potential appointment to the Parks and Recreation Commission.

At 5:35 p.m. Mr. Harkins moved to enter into executive session for the items as set forth by the Town Manager. Mr. McCann seconded. The motion was unanimously approved by a vote of 7-0.

13) Possible actions by Town Council concerning matters discussed in Executive Session.

Mayor Bennett called the meeting back to order at 5:50 p.m. stating that no action was taken during executive session and asked if there was any business as a result of executive session.

a. Consideration of Appointment to the Parks and Recreation Commission

Mrs. Likins moved to appoint Jerry Okarma to a 3-year term as a member of the Parks and Recreation Commission to begin immediately and end June 30, 2019, filling the expiring term of Andrew Schumacher. Mr. Edwards seconded. The motion was unanimously approved by a vote of 7-0.

14) Adjournment

Mayor Bennett adjourned the meeting at 5:51 p.m.

Vicki L. Pfannenschmidt
Executive Assistant/Town Clerk

Approved:

David Bennett, Mayor



ITEMS OF INTEREST

MAY 17, 2016

Town News

Hilton Head Island Fire Rescue has received a \$2,394 fire prevention grant from the FM Global Fire Prevention Grant Program. FM Global is one of the world's largest commercial property insurers. The award will be used to purchase smoke detectors to assist with the departments "Fire in the Streets" program which provides one-on-one interaction with members of the community during home visits and the distribution of safety information.

Contact: Brad Tadlock, Fire Chief, bradt@hiltonheadislandsc.gov or 843-682-5153

Noteworthy Events

Some of the upcoming meetings at Town Hall:

- Planning Commission – May 18, 2016, 3:00 p.m.
- Public Facilities Committee – May 23, 2016, 10:00 a.m.
- Board of Zoning Appeals – May 23, 2016, 2:30 p.m.
- Design Review Board – May 24, 2016, 1:15 p.m.
- Construction Board of Adjustments and Appeals, May 25, 2016, 5:30 p.m.
- Town Administrative Offices Closed May 30, 2016 in observance of Memorial Day
- Planning Commission – June 1, 2016, 9:00 a.m.
- Public Planning Committee – June 2, 2016, 3:00 p.m.
- Public Safety Committee – June 6, 2016, 10:00 a.m.
- Finance and Administrative Committee – June 7, 2016, 2:00 p.m.
- Town Council – June 7, 2016, 4:00 p.m.
- Town Council Public Hearing on FY17 Budget – June 7, 2016 6:00 p.m.

(Additional meetings may be scheduled and all meetings are subject to change and/or cancellation. Please visit the Town of Hilton Head Island website at www.hiltonheadislandsc.gov for Committee meeting dates and agendas.

2016 Hilton Head Island Events

May 28 & 29, 2016 10:00AM-5:00PM	Hilton Head Art Festival	Shelter Cove Harbour Parking Lot
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TOWN OF HILTON HEAD ISLAND

Community Development Department

TO: Stephen G. Riley, ICMA~CM, *Town Manager*
VIA: Jill Foster, AICP, *Deputy Director of Community Development*
CC: Charles Cousins, AICP, *Director of Community Development*
FROM: Teri B. Lewis, AICP, *LMO Official*
DATE: May 4, 2016
SUBJECT: Proposed 2016 LMO Amendments – First Set

Town Council made no changes to Proposed Ordinance 2016-10 as a result of the meeting on May 3, 2016.

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO. 2016-#

PROPOSED ORDINANCE NO. 2016-10

AN ORDINANCE TO AMEND TITLE 16 OF THE MUNICIPAL CODE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, THE LAND MANAGEMENT ORDINANCE (LMO), CHAPTERS 2, 3, 4, 5, 6 AND 10 AND APPENDICES A AND D TO REVISE VARIOUS SECTIONS. THESE AMENDMENTS, COMMONLY REFERRED TO AS 2016 LMO AMENDMENTS – FIRST SET AS NOTICED IN THE ISLAND PACKET ON FEBRUARY 14, 2016, INCLUDE CHANGES THAT PROVIDE FOR GENERAL AMENDMENTS TO A VARIETY OF SECTIONS IN THE LMO, AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, on October 7, 2014, the Town Council did adopt a new Land Management Ordinance (LMO); and

WHEREAS, from time to time it is necessary to amend the LMO; and

WHEREAS, the LMO Committee met on October 28, 2015 and November 13, 2015 to develop a list of proposed LMO Amendments; and

WHEREAS, the LMO Committee held a public meeting on March 7, 2016 at which time a presentation was made by staff and an opportunity was given for the public to comment on the proposed amendments; and

WHEREAS, the LMO Committee recommended that the proposed amendments be forwarded to Planning Commission with a recommendation of approval with the changes as discussed by staff and the Committee; and

WHEREAS, the Planning Commission held a public hearing on March 16, 2016 at which time a presentation was made by staff and an opportunity was given for the public to comment on the proposed LMO amendments; and

WHEREAS, the Planning Commission, after consideration of the staff presentation and public comments, voted 7-0-0 to recommend that Town Council approve the proposed amendments; and

WHEREAS, the Public Planning Committee held a public meeting on April 7, 2016 at which time a presentation was made by staff and an opportunity was given for the public to comment on the proposed LMO amendments; and

WHEREAS, the Public Planning Committee, after consideration of the staff presentation and public comments, voted 3-0 to recommend that Town Council approve the proposed amendments; and

WHEREAS, after due consideration of said LMO amendments and the recommendation of the Planning Commission, the Town Council, upon further review, finds it is in the public interest to approve the proposed amendments.

NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AND IT IS ORDAINED BY THE AUTHORITY OF THE SAID COUNCIL:

Section 1. Amendment. That the *2016 LMO Amendments – First Set* are adopted as indicated on the attached pages (Exhibit A). Newly added language is illustrated with double underline and deleted language is illustrated with ~~strikethrough~~.

Section 2. Severability. If any section, phrase, sentence or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 3. Effective Date. This Ordinance shall be effective upon its adoption by the Town Council of the Town of Hilton Head Island, South Carolina.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS ____ DAY OF _____, 2016.

THE TOWN OF HILTON HEAD
ISLAND, SOUTH CAROLINA

David Bennett, Mayor

ATTEST:

Victoria L. Pfannenschmidt, Town Clerk

Public Hearing: March 16, 2016
First Reading:
Second Reading:

APPROVED AS TO FORM:

Gregory M. Alford, Town Attorney

Introduced by Council Member: _____

EXHIBIT A

DRAFT 2016 LMO AMENDMENTS

CHAPTER 16-2: ADMINISTRATION

Staff Explanation: The current language allows any landowner in the Town (in addition to the Town Manager and Planning Commission) to submit a text amendment. This change would allow only the Town Manager and Planning Commission to propose changes to the LMO. Any citizen is welcome to ask the Planning Commission to consider a change to the LMO.

Section 16-2-103. Application Specific Review Procedures

- A. No Changes
- B. Text Amendment
 - 1. No Changes
 - 2. Text Amendment Procedure

a. Application Submittal

An *application* to amend the text of this *Ordinance* may be filed by the persons identified in Section 16-2-102.C.1, the *Planning Commission* or the Town Manager, and any *application* shall comply with the requirements of Section 16-2-102.C.

Staff Explanation: Currently the language in this section is written in a way that does not require that DRB take an action on conceptual development. This is in conflict with the current process, a process that works well for the DRB and the applicant. The change, which is in keeping with the way the motions are currently made, will require that DRB take action and approve or approve with conditions any conceptual development.

- C. – H. No Changes
- I. Corridor Review (Minor and Major)
 - 1. – 3. No Changes
 - 4. Major Corridor Review Process
 - a. Conceptual Review
 - i. No Change
 - ii. Staff Review and Action

On receiving an *application*, the *Official* shall review the *application* and prepare a staff report with a recommendation for ~~comments~~ action on the *application* in accordance with Sec. 16-2-102.D. The

Official's recommendation shall be based on the standards in Sec. 16-2-103.I.5, Corridor Review (Minor and Major) Standards.

iii. Decision-Making Body Review and Decision

The *Design Review Board* shall review the *application* and staff report at a public meeting, ~~and make a decision on the *application* provide the *applicant* preliminary comments on the *application* and request such additional information or materials as may be required for final review of the *application*. If the *Design Review Board* requests additional information or materials, the *applicant* shall provide them to the Board within thirty days.~~ The Board's decision ~~comments~~ and requests shall be based on the *application's* compliance with the standards in Sec. 16-2-103.I.5, Corridor Review (Minor and Major) Standards, and shall be one of the following:

01. Approve the *application*, or
02. Approve the *application* subject to conditions.

The Board's decision shall be in writing.

Staff Explanation: Although the policy has been to require a natural resources permit for any work in wetlands, wetland buffers and dunes, the current language in this section only applies to trees. The amended language will fix this error.

J. No Changes

K. Natural Resources Permit

1. No Changes

2. Applicability

Except as exempted in Sec. 16-6-104.B.2, Exemptions, no *person* shall cut, destroy, cause to be destroyed, move or remove, transplant, prune, or limb any ~~*tree in the Town*, or trim or remove dune vegetation, or undertake any work authorized through Municipal Code Section 8-1-413 or undertake any work in a wetland or wetland buffer~~ without first receiving approval of a Natural Resources Permit in accordance with the procedures and standards of this subsection—provided that no separate Natural Resources Permit shall be required where the proposed ~~*tree removal or alteration work*~~ is reviewed and authorized in accordance with an approved Subdivision Review (Minor or Major) (see Sec. 16-2-103.F), Development Plan Review (Minor or Major) (see Sec. 16-2-103.G), Small Residential Development Review (see Sec. 16-2-103.H) or Public Project Review (see Sec. 16-2-103.Q).

3. Natural Resources Permit Review Procedure

a. Application Submittal

An *application* for a Natural Resources Permit may be submitted by *persons* identified in Sec. 16-2-102.C.1, and shall be submitted in accordance with Sec. 16-2-102.C. On receiving an *application*, the *Official* shall conduct an inspection of the site to assess the accuracy of the *tree survey* or other related materials, ~~check the condition of *trees* to be preserved, and inspect the site for any unusual features or *specimen trees*.~~ Following the inspection, the *Official* shall advise the *applicant* of any recommended changes that should be made to the *application* to ensure compliance with the standards of this subsection.

b. – c. No Changes

4. Natural Resources Permit Review Standards

A Natural Resources Permit shall be approved on a finding the *applicant* demonstrates the proposed ~~*tree removal*~~ work complies with the standards in Sec. 16-6-102, Wetland Protection, Sec. 16-2-103, Beach and Dune Protection and Sec. 16-6-104, Tree Protection.

Staff Explanation: The current LMO language makes it unclear whether or not a Certificate of Compliance is required if a Certificate of Occupancy is not required. A Certificate of Compliance should be required regardless; this change fixes the issue.

L. – O. No Changes

P. Certificate of Compliance

1. No Changes

2. Applicability

All *development*, or an approved phase thereof, that has received approval of a Subdivision Plan, Development Plan, or Small Residential Development—or any other *development* that has received a permit or *development* approval under this *Ordinance*— shall obtain approval of a Certificate of Compliance prior to a receipt of a Certificate of Occupancy and occupancy of a *building* or *structure* or actual occupancy or use of the *site* or *structure* or portion thereof if no Certificate of Occupancy is required.

CHAPTER 16-3: ZONING DISTRICTS

Staff Explanation: The LMO currently prohibits RVs from being inhabited unless they are located within an RV Park; however, this prohibition is located in the Definitions chapter. This change relocates the prohibition to the Use-Specific Condition section of the LMO in keeping with other prohibitions/conditions.

Section 16-3-105. Mixed-Use and Business Districts

- A. – C. No Changes
- D. Light Commercial (LC) District
 - 1. No Changes

2. Allowable Principal Uses				
		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
Residential Uses				
<i>Group Living</i>	P		1 per 3 rooms	
<i>Mixed-Use</i>	PC	Sec. 16-4-102.B.1.a	Residential	1.5 per du
			Nonresidential	1 per 500 GFA
<i>Multifamily</i>	P		1 bedroom	1.4 per du
			2 bedroom	1.7 per du
			3 or more bedrooms	2 per du
<i>Recreational Vehicle (RV) Park</i>	PC	<u>Sec. 16-4-102.B.1.c</u>	1 per 300 GFA of office and clubhouse	
Industrial Uses				
<i>Light Industrial, Manufacturing, and Warehouse Uses</i>	PC	Sec. 16-4-102.B.9.a	1 per 1,300 GFA of indoor storage or manufacturing area + 1 per 350 GFA of office and administrative area	
<i>Self-Service Storage</i>	PC	Sec. 16-4-102.B.9.c	1 per 15,000 GFA of storage and office area	
<i>Waste Treatment Plants</i>	SE		See Sec. 16-5-107.D.2	
<i>Wholesale Sales</i>	PC	<u>Sec. 16-4-102.B.9.d</u>	1 per 1,000 GFA	

Staff Explanation: The condition related to Wholesale Sales in the IL (Light Industrial) zoning district no longer applies because retail sales are a permitted use in this district.

E. Light Industrial (IL) District

1. No Changes

Uses			
<i>Light Industrial, Manufacturing, and Warehouse Uses</i>	P		1 per 1,300 GFA of indoor storage or manufacturing area + 1 per 350 GFA of office or administrative area
<i>Self-Service Storage</i>	PC	Sec. 16-4-102.B.9.c	1 per 15,000 GFA of storage and office area
<i>Waste-Related Uses</i> Other than <i>Waste Treatment Plants</i>	P		1 per 2,500 GFA
<i>Wholesale Sales</i>	PC	Sec. 16-4-102.B.9.d	1 per 1,000 GFA

Staff Explanation: The maximum height in the RD (Resort Development) zoning district is 75'. As part of the LMO Rewrite, some primarily single-family areas that were previously zoned RM-8 with a maximum height of 45' were rezoned to RD. As some of the areas have started to develop, surrounding residents have expressed concern that new single-family houses can be so much taller that what already exists in the area and that the height isn't in keeping with a single-family area. This change would reduce the height requirement for single-family houses in the RD zoning district from 75' to 45'.

- F. – K. No Changes
- L. Resort Development (RD) District
 - 1-2. No Changes

3. Development Form and Parameters			
MAX. DENSITY (PER NET ACRE)		LOT COVERAGE	
Residential	16 du	Max. <i>Impervious Cover</i>	50%
<i>Hotel</i>	35 rooms	Min. <i>Open Space</i> for Major Residential <i>Subdivisions</i>	16%
Nonresidential	8,000 GFA		
MAX. BUILDING HEIGHT			
<u>Non Single-Family Development</u> on property landward of South Forest Beach Drive	60 ft		
All Other <u>Non Single-Family Development</u>	75 ft		
<u>Single-Family Development</u>	45 ft		
USE AND OTHER DEVELOPMENT STANDARDS			
See Chapter 16-4: Use Standards, Chapter 16-5: Development and Design Standards, and Chapter 16-6: Natural Resource Protection.			
TABLE NOTES:			
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = <i>dwelling units</i> ; sf = square feet; GFA = <i>gross floor area</i> in square feet; ft = feet; n/a = not applicable			

Staff Explanation: The map of parcels that make up the Forest Beach Neighborhood Character Overlay District was inadvertently left out of the LMO. This change will also re-number a section.

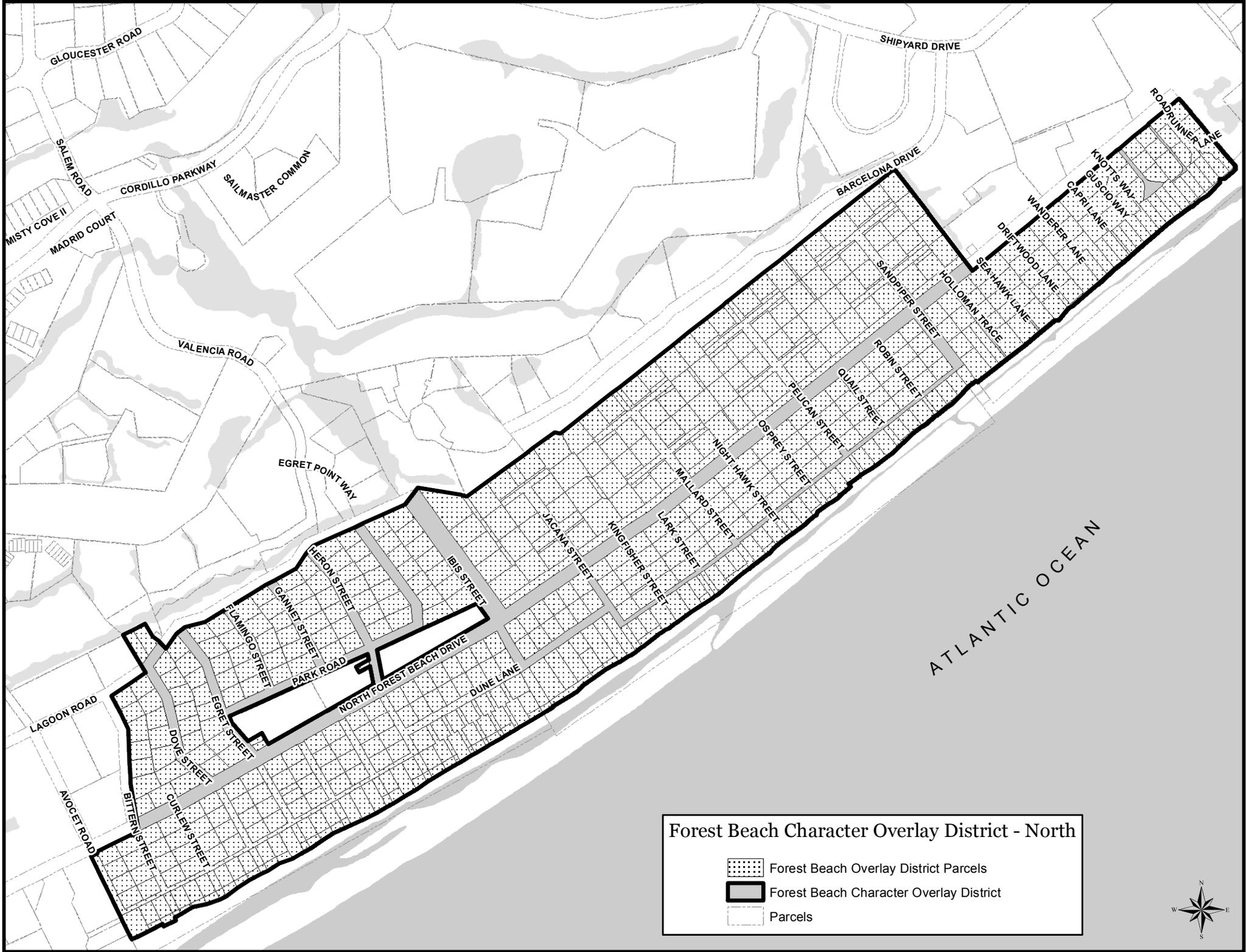
Section 16-3-106. Overlay Zoning Districts

- A– G. No Changes
- H. Forest Beach Neighborhood Character Overlay (FB-NC-O) District
 - 1-2. No Changes

3. Delineation of District

The Forest Beach Neighborhood Character Overlay (FB-NC-O) District includes all *parcels* shown as hatched in Figure 16-3-106.H.3 below.

3 4. District Regulations



Forest Beach Character Overlay District - North

-  Forest Beach Overlay District Parcels
-  Forest Beach Character Overlay District
-  Parcels





Forest Beach Character Overlay District - South

-  Forest Beach Overlay District Parcels
-  Forest Beach Character Overlay District
-  Parcels



CHAPTER 16-4: USE STANDARDS

Staff Explanation: Two changes are made in conjunction with similar changes made in Chapter 3. RV Parks are now a conditional use (the condition that Recreation Vehicles can only be lived in when located in an RV Park is being relocated from the definitions section to the Specific Use Conditions) and since retail sales are now permitted in the IL zoning district, the condition limiting retail sales associated with wholesale sales is being eliminated.

Section 16-4-102. Principal Uses

A. Principal Use Table

1. – 5. No Changes

6. Principal Use Table

Table 16-4-102.A.6: Principal Use Table

TABLE 16-4-102.A.6: PRINCIPAL USE TABLE																					
P = Permitted by Right PC = Permitted Subject to Use-Specific Conditions																					
SE = Allowed as a Special Exception Blank Cell = Prohibited																					
USE CLASSIFICATION/ USE TYPE	SPECIAL DISTRICTS		RESIDENTIAL DISTRICTS					MIXED-USE AND BUSINESS DISTRICTS										USE-SPECIFIC CONDITIONS			
	CON	PR	RSF-3	RSF-5	RSF-6	RM-4	RM-8	RM-12	CR	SPC	CC	MS	WMU	S	MF	MV	NC		LC	RD	MED
RESIDENTIAL USES																					
Recreation Vehicle (RV) Parks																		PC			Sec. 16-4-102.B.1.c
INDUSTRIAL USES																					
Wholesale Sales																		PC		PC	Sec. 16-4-102.B.9.d

Staff Explanation: The changes to specific use conditions do the following: establishes conditions that dwelling units, hotel rooms and bed and breakfast rooms can be located on the first floor within the CR zoning district if the proposed development is located behind a commercial services use; relocates the condition related to living in a recreational vehicle from definitions; and eliminates the condition limiting retail services associated with wholesale sales.

B. Use-Specific Conditions for Principal Uses

1. Residential Uses

a. Mixed-Use

i. No Change

ii. In the CR District, there shall be no *dwelling units* located on the first floor of any *mixed-use development* unless there are *commercial services uses* located between the street and the proposed *dwelling units*.

b. Multifamily

In the CR District, there shall be no *dwelling units* located on the first floor of any *multifamily development* unless there are *commercial services uses* located between the street and the proposed *dwelling units*.

c. Recreation Vehicle (RV) Parks

Use of a recreational vehicle for residential or accommodation purposes is prohibited except in a *Recreational Vehicle (RV) Park*.

2. – 3. No Changes

4. Resort Accommodations

a. Bed and Breakfasts

i. No Change

ii. In the CR District, there shall be no guest rooms located on the first floor of any *bed and breakfast* unless there are *commercial services uses* located between the street and the proposed *bed and breakfast* rooms.

b. Hotels

i. *Hotels* located in the CR District shall have guest rooms with *gross floor area* no smaller than 100 square feet. Such rooms shall not be located on the first floor of any *hotel* unless there are *commercial services uses* located between the street and the proposed *hotel* rooms.

5. – 8. No Changes

9. Industrial Uses

a. – c. No Changes

d. Wholesale Sales

~~Accessory retail operations associated with a wholesale business are permitted if they use no more than 15 percent of the *gross floor area* of the *building*.~~

CHAPTER 16-5: DEVELOPMENT AND DESIGN STANDARDS

Staff Explanation: This change eliminates the need for properties that are behind the gates in a master planned area but still within the Corridor Overlay District to meet setback requirements.

Section 16-5-102. Setback Standards

- A. No Changes
- B. Applicability
 - 1. No Changes
 - 2. Exceptions
 - a. No Changes

b. For *development* within a PD-1 District, adjacent street and use setback standards shall apply only along those *lot* lines and *street rights-of-way* located ~~within a Corridor Overlay District~~, located outside any *gates* restricting *access* by the general public to areas within the PUD, or constituting the boundaries of the district.

Staff Explanation: This change will allow bike racks and the like within the adjacent use and street setbacks.

- C.-D. No Changes
- E. Allowable Setback Encroachments

Table 16-5-102.E: Allowable Setback Encroachments

Feature	Extent and Limitations
Bike racks and other <i>site</i> furnishings	Allowed in adjacent use and adjacent street setbacks

Staff Explanation: This change eliminates the need for properties that are behind the gates in a master planned area but still within the Corridor Overlay District to meet buffer requirements.

Section 16-5-103. Buffer Standards

- A. No Changes
- B. Applicability
 - 1. No Changes
 - 2. Exceptions

a. For *development* within a PD-1 District, adjacent street and use buffer standards shall apply only along those *lot* lines and *street rights-of-way* located ~~within a Corridor Overlay District~~, located outside any *gates*

restricting *access* by the general public to areas within the PUD, or constituting the boundaries of the district.

Staff Explanation: The policy is that any work being done in buffers must be reviewed and approved by the Town’s Environmental Planner, this change codifies that policy.

C. – G. No Changes

H. Existing Vegetation

1. If a buffer area has existing *trees* that are protected under this *Ordinance*, they shall be preserved and be used as part of the buffer to comply with the buffer standards of this *Ordinance*. Where groupings of native shrubs are present, their preservation with minimum disturbance is strongly encouraged. Any clearing or other work in buffers must have the prior approval of the *Official*.

2. No Changes

Staff Explanation: This clarifies that if an invasive species is removed from a buffer, then the area needs to be replanted so that it fulfills its function as a buffer.

3. The removal of invasive species shall be allowed with an approved replanting plan, if needed.

Staff Explanation: This change will clear up any confusion caused by conflict between Town and SCDOT standards.

Section 16-5-105. Mobility, Street, and Pathway Standards

A. Mobility

1.-4. No Changes

5. Accessway Layout and Design

a. – d. No Changes

e. Driveway Layout and Design

i. Driveway Entrances

Driveway entrances from *streets* shall comply with standards in the current edition of SCDOT's *Access and Roadside Management Standards* manual—including, but not limited to, standards for *driveway* spacing, angle of intersection, entry width, radius, offset, approach grade and side slope, throat length, and islands and medians. In instances where the Town’s access spacing standard as outlined in 16-5-105.I is greater than the SCDOT standard, the Town’s standard shall be applicable.

Staff Explanation: This section doesn't fit in 16-5-105 since it deals entirely with internal site design. It is being moved to Section 16-5-107, Parking and Loading Standards. The two sections below are being re-numbered.

~~f. Vehicle Stacking Distance for Drive-Through and Related Uses~~
~~g f. Bikeway Layout and Design~~
~~h. g Walkway Layout and Design~~

Staff Explanation: This change clarifies the standards that should be used for pathways internal to a site.

B. – N. No Changes

O. Multi-Purpose Pathways

Multi-purpose pathways to accommodate both pedestrian and bicycle traffic may be provided independent of the street system. The pathway standards in this section apply only to pathways constructed generally parallel to streets within a private or public right-of-way. The following standards shall apply to multi-purpose pathways:

1. Pathways shall be designed and provided in accordance with the latest edition of AASHTO's *Guide for the Development of Bicycle Facilities*. Dimensions and **construction** specifications of multi-purpose paths shall be determined by the number and type of users and the location and purpose of the path.
2. A minimum eight-foot paved width shall be provided for two-way traffic and a five-foot width for one-way traffic. A five-foot sidewalk on each side of the roadway is an acceptable alternative to providing a single separated two-way pathway facility.

Staff Explanation: The deletion is made to provide more flexibility during site design. The addition is made to ensure that in larger parking spaces that the EV space is available to those who need it.

Section 16-5-107. Parking and Loading Standards

A. – C. No Changes

D. Parking Space Requirements

1. – 9. No Changes

10. Use of Parking Spaces as Electric Vehicle (EV) Charging Station

All *multifamily* and nonresidential *development* shall provide one *electric vehicle (EV) charging station* per *site*. ~~The *electric vehicle charging station* shall be located within 100 feet of the primary entrance. If the development requires over 100 parking spaces, the electric vehicle (EV) charging station shall have a sign that states that only electric vehicles being charged can park in that particular parking space.~~

Staff Explanation: This change will allow for a safe turning radii under buildings.

E. Parking Space and Aisle Dimensions

1. No Changes

2. a. – d. No Changes

e. Parking spaces under buildings, where it is not feasible to provide a landscaped median on the end of a parking bay, shall be separated from adjoining parallel *drive aisles* by a painted area that is a minimum of four feet in width.

Staff Explanation: The changes to this section are being made to increase flexibility with site design.

F. - G. No Changes

H. 1-6. No Changes

7. Bicycle Parking

a. All *multifamily* and nonresidential *development* shall provide bike racks sufficient to accommodate the parking of at least four bicycles for every ten vehicle parking spaces required, or major fraction thereof except that once twenty bicycle parking spaces are provided, any required bicycle parking after that shall be required at a ratio of at two bicycle parking spaces for every ten vehicle parking spaces, or major fraction, thereof. An *applicant* may use developer submitted data to demonstrate fewer bicycle parking spaces should be required. If a lower number of bicycle parking spaces is accepted, the applicant shall submit a *site plan* that includes a reserve parking plan identifying the amount of bicycle parking spaces being deferred and the location of the area to be reserved for future bicycle parking, if future bicycle parking is needed. If the proposed project does not reasonably connect to a Town multi-purpose pathway, then the required bicycle parking spaces can be reduced.

b. The bike racks shall be located in visible, well-lit areas ~~within 50 feet of a primary entrance to the *building* they serve~~ and shall be in an area maintained with an all weather surface. They shall be located where they do not interfere with pedestrian traffic and are protected from conflicts with vehicular traffic.

c. The required minimum number of vehicular parking spaces shall be reduced by one space for every ten bicycle parking spaces provided.

Staff Explanation: The changes relocates this section from Mobility, Street and Pathway Standards to the Parking and Loading Standards section since it deals entirely with internal site design

I. Vehicle Stacking Distance for Drive-Through and Related Uses

1. Required Stacking Distance

Driveways on which vehicles queue up to access a drive-through facility or similar service facility, or a drop-off or pick-up zone, shall provide at least the minimum stacking distance behind the facility or zone in accordance with Table 16-5-107.I.1, Minimum Stacking Distance for Drive-Through and Related Uses.

TABLE 16-5-107.I.1: MAXIMUM STACKING DISTANCE FOR DRIVE-THROUGH AND RELATED USES

<u>USE OR ACTIVITY¹</u>	<u>MINIMUM STACKING DISTANCE</u>	<u>MEASURED FROM</u>
<u>Automated teller machine (ATM)</u>	<u>60 ft</u>	<u>Center of the teller machine</u>
<u>Bank or financial Institution, with drive-through service</u>	<u>60 ft per lane</u>	<u>Center of the teller window</u>
<u>Car wash and auto detailing, automatic</u>	<u>40 ft per bay</u>	<u>Bay entrance</u>
<u>Car wash and auto detailing, self-service</u>	<u>20 ft per bay</u>	<u>Bay entrance</u>
<u>Drug store or pharmacy, with drive-through service</u>	<u>60 ft per lane</u>	<u>Center of the window</u>
<u>Dry cleaning or laundry drop-off establishment with drive-through service</u>	<u>60 ft per lane</u>	<u>Center of the window</u>
<u>Gas sales</u>	<u>20 ft</u>	<u>Each end of the outermost gas pump island</u>
<u>Gated driveway/entrance</u>	<u>40 ft</u>	<u>Gate</u>
<u>Nursing home</u>	<u>60 ft</u>	<u>Back end of the designated drop-off/pick-up zone</u>
<u>Oil change/lubrication shop</u>	<u>40 ft per bay</u>	<u>Bay entrance</u>
<u>Restaurant, with drive-through service²</u>	<u>80 ft</u>	<u>Center of the order box</u>
<u>School, elementary or middle</u>	<u>200 ft</u>	<u>Back end of the designated drop-off/pick-up zone</u>
<u>Other</u>	<u>Uses not specifically listed are determined by the Official based on standards for comparable uses, or alternatively based on a parking demand study</u>	

NOTES: ft = feet

1. See Chapter 16-4: Use Standards.

2. Restaurants with drive-through service shall provide at least 80 feet of stacking distance between the center

of the order box and the center of the pick-up window closest to the order box—see Figure 16-5-107.I.1:
Stacking Distance for a Drive-Through Restaurant.

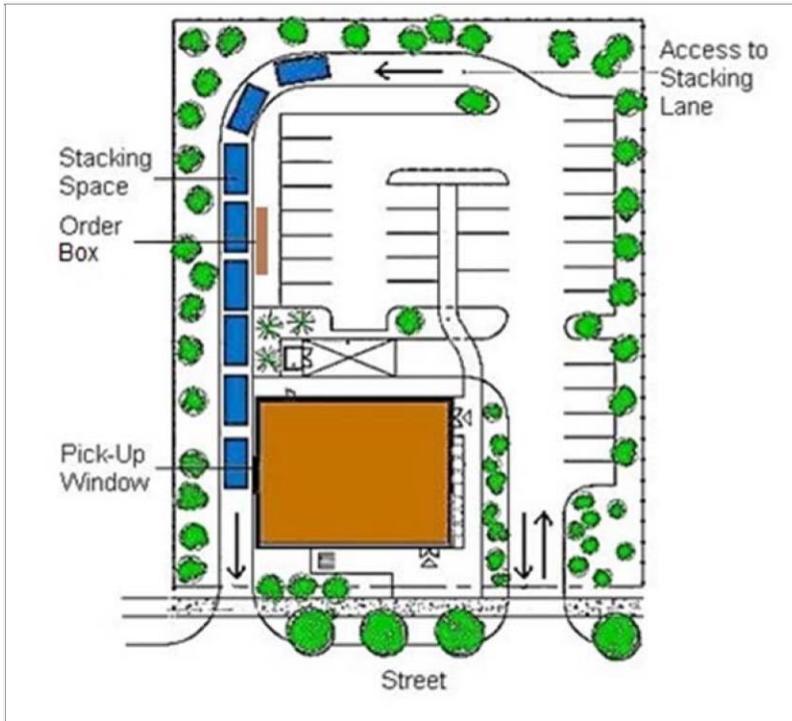


Figure 16-5-107.I.1: Stacking Distance for a Drive-Through Restaurant

2. Layout and Design

- a.** The minimum clear width for any *drive-through* aisle shall be ten feet.
- b.** Driveways providing required stacking distance shall be designed so as not to impede onsite or offsite vehicular traffic movements into or out of off-street parking spaces, or onsite or offsite bicycle or pedestrian traffic movements.
- c.** Driveways providing required stacking distance may be required to be separated from other internal driveways if deemed necessary for traffic movement and safety by the *Official*.

CHAPTER 16-6: NATURAL RESOURCE PROTECTION

Staff Explanation: This clarifies that any work in a wetland or wetland buffer requires a natural resources permit.

Section 16-6-102. Wetland Protection

A. No Changes

B. Applicability

1. – 2. No Changes

3. No person shall undertake any work in a wetland or wetland buffer without first receiving approval of a Natural Resources Permit in accordance with the procedures and standards of Sec. 16-2-103.K, Natural Resources Permit, and the standards in this section.

Staff Explanation: When reviewing the allowed activities in a wetland buffer, it seemed to make sense that pervious walkways should be allowed. This change does that.

D. Wetland Buffer Standards

1. – 2. No Changes

3. Development Within Wetland Buffers

a. No Changes

b. Allowed Development Activities

i. 01. – 02. No Changes

03. Construction and *maintenance* of pedestrian walkways, including minor associated *structures* such as benches and signage, that provide public *access* to *adjacent* wetlands for wildlife management and viewing, fishing, and recreational purposes, or that provide *access* to approved water-dependent *development* activities—provided the walkway is not more than four feet wide and is pervious, ~~is not paved, and is not boarded;~~

Staff Explanation: This change eliminates the need for the reestablishment of a wetland buffer when the provided bulkhead is impervious. This is because if the bulkhead is impervious there can be no interplay between the wetland buffer and the adjacent wetland.

04. Construction and *maintenance* of pervious bulkheads or revetments, including associated backfill in tidal *wetland buffers*—provided:

(A) A *wetland buffer* in accordance with the standards in this section is re-established; and

(B) The *Official* approves the replanting plan and any tree removal;

05. Construction and maintenance of impervious bulkheads or revetments;

05: 06.

06: 07.

07- 08.
08- 09.

Staff Explanation: This clarifies that any work in a dune or dune system requires a natural resources permit.

Section 16-6-103. Beach and Dune Protection

- A. No Changes
- B. Applicability
 - 1. – 3. No Changes
 - 4. No person shall undertake any work in a dune or dune system without first receiving approval of a Natural Resources Permit in accordance with the procedures and standards of Sec. 16-2-103.K, Natural Resources Permit, and the standards in this section.

Staff Explanation: Boardwalks over the dunes should be low profile, changing the language so that the bottom of the boardwalk is measured from grade rather than vegetation will allow this.

- F. Development on Dunes
 - 1. No Changes
 - 2. Dune Boardwalks
 - a. – b. No Changes
 - c. *Dune boardwalks* constructed across existing or proposed native *beach* and *dune* vegetation shall be post-supported and elevated a minimum of two feet above the ~~vegetation~~ grade to allow for sand build-up and clearance above the vegetation.

Staff Explanation: During the rewrite, the Committee opted to protect pine trees at 12” instead of 8” (in the old LMO, all Category III trees were protected at 8”). Cedar trees are also in Category III – it has been suggested that since the Committee only opted to change the size that pine trees were protected at that cedar trees should still be protected at 8”. It is particularly important to protect the cedar trees here on the Island because many grow adjacent to salt water and never grow larger than about 10”.

Section 16-6-104. Tree Protection

- A. – B. No Changes
- C. Minimum Tree Coverage Standard
 - 1. No Change
 - 2. Tree Survey

a. i. **No Change** The *tree survey* shall be in the form of a map or a *site plan* prepared and sealed by a registered *land* surveyor within two years of the date of *application*. The *tree survey* shall be at the same scale as the required *site development* plan and shall include the following information:

i. The location of all Category I, II and IV *trees* with a *DBH* of 6 inches or greater, ~~and~~ Category III *trees* (other than cedar and palmetto *trees*) with a *DBH* of 12 inches or greater and cedar and palmetto *trees* with a *DBH* of 8 inches or greater within the areas to be developed and within areas 25 feet beyond such area in each direction, or extending to the property line, whichever is less;

ii. The location of any *trees* with a *DBH* less than 6 inches (Category I, II and IV), less than 8 inches (cedar and palmetto *trees*) and less than 12 inches (Category III other than cedar and palmetto *trees*) that the *applicant* wishes to count toward the minimum standard of *tree* coverage on the *site*; and

Staff Explanation: The current language inadvertently states that if a tree exceeds the DBH listed in Table 16-6-104.F.1 then it is a specimen tree; the change corrects it to equal or greater than.

D. – E. No Changes

F. Specimen Tree Preservation

1. Specimen Tree Defined

For purposes of this section, a *specimen tree* is any *tree* of a species designated by the *State* or federal government as an endangered, threatened, or rare species, or any *tree* of a type and with a *DBH* ~~exceeding~~ equal or greater than that indicated in Table 16-6-104.F.1, Specimen Trees, for the *tree* type.

Staff Explanation: The change clarifies that specimen trees are not protected on single-family lots.

2. General Requirements

a. No *specimen tree* may be removed except in accordance with paragraph b below. In addition, all *specimen trees* shall have the following protections, whether located on public or private *land* with the exception of *specimen trees* located on *single-family lots*.

CHAPTER 16-10: DEFINITIONS, INTERPRETATION, AND MEASUREMENT

Staff Explanation: This change clarifies that density is not rounded up.

Section 16-10-102. Rules of Measurement

A. No Changes

B. Density

1. Density

A measurement of intensity of the *development* of a *parcel* of *land*, calculated by dividing total number of *dwelling units* by the *net acreage* of the *parcel* for residential *development*; by dividing the total number of guest rooms by the net acreage of the *parcel* for *hotel development*; and by dividing the total number of square feet of *gross floor area* by the *net acreage* of the parcel for other nonresidential *development*. In *mixed-use* developments, acreage allocated to residential *use* shall not be used to calculate nonresidential *density*, and acreage allocated for nonresidential *uses* shall not be used to calculate residential *density*; and acreage allocated to *hotel use* shall not be used to calculate other nonresidential *density*, and acreage used for other nonresidential *uses* shall not be used to calculate *hotel density*. Where residential and nonresidential *uses* are combined in a single *building*, the *density* of each *use* within the *building* shall be calculated separately. When computation of the *density* results in a fraction, the result shall not be rounded up to the nearest whole number.

APPENDIX A – ADVISORY AND DECISION MAKING BODIES AND PERSONS

Staff Explanation: This change adds back in the review of Traffic Impact Analysis Plans which is listed in the Rules of Procedure for the Planning Commission.

A-1. No Changes

A-2. Planning Commission

A. 1 – 2. No Changes

A.3. Review and make decisions on *applications* for:

a. – b. No Changes

c. Traffic Impact Analysis Plans (Section 16-2-103.1.5.b.ii).

APPENDIX D – APPLICATION SUBMITTAL REQUIREMENTS

Staff Explanation: This change adds two requirements (that are already listed in the Airport Overlay District) to the plat stamping section.

D-5. – D. 19. No Changes

D-20. Plat Stamping

A. No Changes

1. – 22. No Changes

23. If a property is located in the Airport Overlay (A-O) District a note shall be added to the plat per Section 16-3-106.E.3.b.i.

24. If a property is located in the Outer Hazard Zone of the Airport Overlay (A-O) District a note shall be added to the plat per Section 16-3-106.E.3.b.ii.



TOWN OF HILTON HEAD ISLAND

Community Development Department

TO: Stephen G. Riley, ICMA-CM, *Town Manager*
VIA: Charles Cousins, *Director of Community Development*
FROM: Shawn Colin, *Deputy Director of Community Development*
DATE: May 6, 2016
SUBJECT: Island Wide Vision

Recommendation:

The Public Planning Committee requests Town Council grant the following authority to the Public Planning Committee: (1) engage Rawle Murdy, the Town's on-call communication consultant, on a task order to develop a communications plan for the Island Wide Vision; (2) prepare an RFP to hire a Vision Consultant; (3) release the RFP, review and evaluate responses, and recommend a preferred consultant to Town Council for approval; (4) At Town Council's direction, hire a Vision Consultant to implement the project.

Summary:

Town Council identified the development of an Island wide Vision as one of the priorities. This proposed Visioning Process will guide the future efforts for the Town of Hilton Head Island. The Public Planning Committee is requesting authority from Town Council to begin executing the preliminary steps necessary to complete a visioning effort.

Background:

That Town Council made the following recommendation on April 5, 2016: Working with and encouraging the participation of civic, public and private partners, Town Council should authorize the development of a comprehensive long range Vision for Hilton Head Island. The purpose in developing the Vision is:

- to protect and enhance our quality of life,
- to coalesce the needs and desires of residents, visitors, and business owners, and
- to create a vision statement and long range plan which defines the program of work.

The process should be developed by a Steering Committee appointed by Town Council and managed by a project coordinator working closely with the Public Planning Committee, assisted by the Planning Commission and Town Staff. A consultant should be engaged at the commencement of the project, at critical intervals during the process, and at its conclusion.



MEMORANDUM

TO: Town Council

FROM: Stephen G. Riley, ICMA-CM, Town Manager

VIA: Susan M. Simmons, CPA, Director of Finance

DATE: May 6, 2016

RE: **First Reading of Proposed Ordinance No. 2016-12
General Obligation Bond Ordinance for \$30,500,000**

Recommendation: Town Council approves first reading of Proposed Ordinance No. 2016-12 which establishes authority for issuing not to exceed \$30,500,000 in general obligation (GO) refunding debt which will be repaid and pledged from ad valorem taxes.

Summary: Staff recommends that Council adopt this ordinance which is the first in a series of four ordinances described in the background section below. This ordinance proposes to refund three prior general obligation (GO) bonds:

1. GO Refunding Bonds, Series 2005A,
2. GO Refunding Bonds, Series 2008A, and
3. GO Bonds, Taxable Series 2010.

Staff, bond counsel and the financial advisor monitor the Town's outstanding debt annually to determine whether refundings and or advanced refundings are financially appropriate for the Town. Refunding at the same time the Town issues additional debt also helps to spread the costs of issuance, thereby reducing the cost of capital across all debt issues.

Additional information on the bonds being refunded can be found in the attached ordinances.

Background: The four ordinances proposed in this series are for the following debt financing recommendations.

1. Ordinance 2016-12 proposes to refund three previous bond issues to reduce the borrowing rate, resulting in significant savings. (Not to exceed amount – \$30,500,000)
2. Ordinance 2016-13 proposes to issue bond anticipation notes which will provide short-term financing for both capital projects to be financed long-term with

general obligation bonds and the beach renourishment project which will be financed long-term with special obligation bonds (beach preservation fee pledge). Due to several pending issues, the timing is not right to make permanent financing decisions. Therefore, staff with the assistance of bond counsel and the financial advisor has determined that it is prudent to issue bond anticipation notes now. Staff expects to issue permanent financing within one year. (Not to exceed amount – \$25,000,000)

3. Ordinance 2016-14 proposes to issue general obligation bonds (new money) to finance – in whole or part, or reimburse several capital projects including the Shelter Cove Park, sewer projects, fire station #2, and the Island Recreation Center expansion. (Not to exceed – \$21,200,000)
4. Ordinance 2016-15 proposes to issue special obligation bonds (beach preservation fee pledge) for the beach renourishment project. The ordinances are being issued for the maximum not to exceed amount; however, staff believes the Town will receive FEMA funding for the beach project which will reduce the bond amount needed. (Not to exceed amount – \$25,200,000)

AN ORDINANCE FOR THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$30,500,000 GENERAL OBLIGATION REFUNDING BONDS, IN ONE OR MORE SERIES INCLUDING A TAXABLE SERIES, WITH APPROPRIATE SERIES DESIGNATIONS, OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; FIXING THE FORM AND CERTAIN DETAILS OF THE BONDS; AUTHORIZING THE TOWN MANAGER OR HIS LAWFULLY AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; OTHER MATTERS RELATING THERETO; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, on March 15, 2005, the Town issued its \$24,265,000 General Obligation Refunding Bonds, Series 2005A (the “2005” Bonds”); and

WHEREAS, on March 20, 2008, the Town issued its \$12,215,000 General Obligation Refunding Bonds, Series 2008A (the “2008 Bonds”); and

WHEREAS, on February 3, 2010, the Town issued its \$12,000,000 General Obligation Bonds, Taxable Series 2010 Bonds (Build America Bonds – Direct Pay to Issuer) (the “2010 Bonds”); and

WHEREAS, Town Council has been advised that due to the current interest rate environment, the 2005 Bonds and the 2008 Bonds are good refunding candidates;

WHEREAS, as a result of sequestration and the reduction of the interest subsidy associated with the 2010 Bonds, the 2010 Bonds can be currently refunded resulting in an interest rate savings; and

WHEREAS, in order to take advantage of the opportunity to refund the 2005 Bonds, the 2008 Bonds, and the 2010 Bonds, Town Council must enact an appropriate ordinance authorizing the issuance of general obligation refunding bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AS FOLLOWS:

SECTION 1. Findings and Determinations. The Town Council (the “Town Council”) of the Town of Hilton Head Island, South Carolina (the “Town”), hereby finds and determines:

(a) The Town is an incorporated municipality located in Beaufort County, South Carolina, and as such possesses all powers granted to municipalities by the Constitution of the State of South Carolina, 1895, as amended (the “Constitution”) and laws of the State of South Carolina (the “State”).

(b) Article X, Section 14 of the Constitution provides that general obligation debt may be incurred by the governing body of each municipality of the State for any public and corporate purpose in an amount not exceeding eight (8%) percent of the assessed value of all taxable property of such municipality and upon such terms and conditions as the General Assembly may prescribe. Such Article further provides that if general obligation debt is authorized by a majority vote of the qualified electors of the municipality voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in such Article.

(c) Title 5, Chapter 21, Article 5, Code of Laws of South Carolina, 1976, as amended (the “Municipal Bond Act”), provides that the municipal council of any municipality may issue general obligation bonds of such municipality for any corporate purpose of such municipality to any amount not exceeding the constitutional debt limitation applicable to such municipality.

(d) The Municipal Bond Act provides that as a condition precedent to the issuance of bonds an election be held and the result be favorable thereto. Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended, provides that if an election be prescribed by the provisions of the Municipal Bond Act, but not be required by the provisions of Article X of the Constitution, then in every such instance, no election need be held (notwithstanding the requirement therefor) and the remaining provisions of the Municipal Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions.

(e) Pursuant to State constitutional and statutory authorizations, the favorable results of referenda held on November 3, 1998, and November 7, 2000, and an Ordinance duly enacted by the Town Council on April 6, 2004, the Town issued the 2005 Bonds, the proceeds of which were used to refund the 2010 through 2024 maturities of the \$12,000,000 General Obligation Bonds, Series 1999A and to refund the 2010 through 2021 maturities of the \$20,000,000 General Obligation Bonds, Series 2001.

(f) Pursuant to State constitutional and statutory authorizations, the favorable results of referendum held on November 4, 1997, and an Ordinance duly enacted by the Town Council on February 19, 2008, the Town issued the 2008 Bonds, the proceeds of which were used to refund the outstanding original principal amount of the Town’s \$15,000,000 General Obligation Bonds, Series 1998A.

(g) Pursuant to the American Reinvestment and Recovery Act of 2009, State constitutional and statutory authorizations, the favorable results of a referendum held on November 4, 2008, and an Ordinance duly enacted by Town Council on September 15, 2009, the Town issued the 2010 Bonds.

(h) Sections 11-21-10 to 11-21-80 of the Code of Laws of South Carolina 1976, as amended, empower any “public agency” to utilize the provisions of Article 5, Chapter 15, Title 11 (the “Refunding Act”) of the Code of Laws of South Carolina 1976, as amended, to effect the refunding of any outstanding general obligation bonds.

(i) The 2005 Bonds are currently outstanding in the amount of \$13,201,000 (the “2005 Bonds to be Refunded”). The 2008 Bonds maturing on or after December 1, 2016, are subject to redemption at the option of the Town on or after December 1, 2015, as a whole or in part at any time, at par, together with the interest accrued thereon to the date fixed for redemption.

(j) The 2008 Bonds are currently outstanding in the amount of \$7,305,000 (the “2008 Bonds to be Refunded”). The 2008 Bonds maturing on or after December 1, 2018, shall be subject to redemption at the option of the Town on or after December 1, 2017, as a whole or in part at any time, at par, together with the interest accrued thereon to the date fixed for redemption.

(k) The 2010 Bonds are currently outstanding in the amount of \$9,515,000 (the “2010 Bonds to be Refunded,” together with the 2005 Bonds to be Refunded and the 2008 Bonds to be Refunded, the “Bonds to be Refunded”) and are subject to extraordinary redemption as follows: “The Bonds are subject to redemption by the Town, at its option, prior to maturity at any time or times at the redemption price of par plus accrued interest to the redemption date if and to the extent the federal government should not make the subsidy payment equal to 35% of the amount of interest paid on such taxable Bonds pursuant to the ARRA.”

(l) As a result of federal sequestration, the interest subsidy payment for the 2010 Bonds has been reduced to less than 35%.

(m) Pursuant to Ordinance No. 2013-03 duly enacted by the Town Council on May 7, 2013, the Town has adopted Written Procedures Related to Tax-Exempt Debt.

(n) It is now in the best interest of the Town for the Town Council to provide for the issuance and sale of not exceeding \$30,500,000 aggregate principal amount general obligation refunding bonds of the Town to provide funds for the purposes of (i) refunding the Bonds to be Refunded; and (ii) paying costs of issuance of the Bonds (hereinafter defined).

SECTION 2. Authorization and Details of the Bonds. Pursuant to the aforesaid provisions of the Constitution and laws of the State and the successful results of the referenda described above, there is hereby authorized to be issued not exceeding \$30,500,000 general obligation refunding bonds of the Town (the “Bonds”) for the purposes listed in Section 1(n) above.

The Bonds shall be issued as fully-registered Bonds; shall be dated as of their date of delivery; shall be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of the Bonds maturing in each year; shall be numbered from R-1 upward; shall bear interest at such times as hereafter designated by the Town Manager or his lawfully authorized designee at such rate or rates as may be determined at the time of the sale thereof; and shall mature serially in successive annual installments as determined by the Town Manager or his lawfully authorized designee.

The refunding of the 2008 Bonds to be Refunded shall be effected with a portion of the proceeds of the Bonds which proceeds shall be used for the payment of the principal of such 2008 Bonds to be Refunded as and when such 2008 Bonds to be Refunded mature and are called for redemption in accordance with the provisions of the Ordinance authorizing the 2008 Bonds to be Refunded, the redemption premium thereon, if any, and interest on such 2008 Bonds to be Refunded as and when the same becomes due. If necessary, notice of the refunding of the 2008 Bonds to be Refunded for which a portion of the proceeds of the Bonds will be used shall be given in a financial paper published in the City of New York, State of New York.

Upon the delivery of the Bonds, the principal proceeds thereof to be used to refund the 2008 Bonds to be Refunded, less any issuance expenses, shall be deposited with an escrow agent to be named (the "Escrow Agent") and held by it under a written refunding trust agreement (the "Refunding Trust Agreement") in a special trust account. It shall be the duty of such Escrow Agent to keep such proceeds invested and reinvested to the extent that it shall be practical in obligations of the United States or any agency thereof and to apply the principal and interest of the trust so established in the manner prescribed in such Refunding Trust Agreement.

The Town Manager is hereby authorized and directed for and on behalf of the Town to execute such agreements and give such directions as shall be necessary to carry out the provisions of this Ordinance, including the execution and delivery of the Refunding Trust Agreement. The Refunding Trust Agreement shall be dated the date of delivery of the Bonds to the initial purchasers thereof.

SECTION 3. Delegation of Authority to Determine Certain Matters Relating to the Bonds.

The Town Council hereby expressly delegates to the Town Manager the authority, with respect to the Bonds, to determine (a) the maturity dates and the respective principal amounts maturing on such dates; (b) the interest payment dates; (c) the redemption provisions, if any; (d) the Registrar/Paying agent; (e) whether to publish notice of the adoption of this ordinance under the provisions of Section 11-27-40(8), Code of Laws of South Carolina, 1976, as amended; (f) the date and time of the sale, including whether or not the Bonds should be sold on the same date as one or more series or on separate dates as separate series; (g) what portion of the Bonds should be issued as taxable; and (h) such other matters as are necessary or appropriate. The Town Manager is further directed to consult with the Town's financial advisor and bond counsel in making any such decisions.

The Town Council hereby further delegates to the Town Manager or his lawfully authorized designee the authority to receive bids on behalf of the Town Council and the authority to award the sale of the Bonds to the lowest bidder therefor, in accordance with the terms of the Notice of Sale for the Bonds, provided the true interest cost does not exceed 4.00% for taxable bonds and 3.00% for tax-exempt bonds. After the sale of the Bonds, the Town Manager or his lawfully authorized designee shall submit a written report to the Town Council setting forth the results of the sale of the Bonds.

SECTION 4. Registration, Transfer and Exchange of Bonds. The Town shall cause books (herein referred to as the “registry books”) to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bonds under such reasonable regulations as the Registrar/Paying Agent may prescribe.

Each Bond shall be transferable only upon the registry books of the Town, which shall be kept for such purpose at the principal office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond the Registrar/Paying Agent on behalf of the Town shall issue in the name of the transferee a new fully-registered Bond or Bonds, of the same aggregate principal amount, interest rate and maturity as the surrendered Bond. Any Bond surrendered in exchange for a new registered Bond pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The Town and the Registrar/Paying Agent may deem or treat the person in whose name any fully-registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Town nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Bonds is exercised, the Town shall execute and the Registrar/Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. Neither the Town nor the Registrar/Paying Agent shall be obliged to make any such transfer of Bonds during the fifteenth (15th) day of the calendar month preceding an interest payment date on such Bonds.

SECTION 5. Record Date. The Town establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, and such record date shall be the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on such Bond or, in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the mailing of notice of redemption of Bonds.

SECTION 6. Mutilation, Loss, Theft or Destruction of Bonds. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the Town shall execute and the Registrar shall authenticate and deliver at the principal office of the Registrar, or send by registered mail to the owner thereof at his request, risk and expense a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish

the Town and the Registrar evidence or proof satisfactory to the Town and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State or such greater amount as may be required by the Town and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Ordinance as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder.

All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

SECTION 7. Form of Bonds. The Bonds shall be in substantially the form attached hereto as Exhibit A and incorporated herein by reference.

SECTION 8. Execution of Bonds. The Bonds shall be executed in the name of the Town with the manual or facsimile signature of the Mayor of the Town attested by the manual or facsimile signature of the Town Clerk under a seal of the Town which shall be impressed, imprinted or reproduced thereon. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each Bond shall bear a certificate of authentication manually executed by the Registrar/Paying Agent in substantially the form set forth herein.

SECTION 9. Security for the Bonds. The full faith, credit, taxing power and resources of the Town are hereby irrevocably pledged for the payment of the principal and interest of the Bonds as they respectively mature and for the creation of such sinking fund as may be necessary to provide for the prompt payment thereof. There shall be levied and collected annually upon all taxable property of the Town an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes. The Town at its option may also utilize any other funds available therefor for the payment of the principal of and interest on the Bonds.

SECTION 10. Defeasance. The obligations of the Town herein made or provided for, shall be fully discharged and satisfied as to any portion of the Bonds, and such Bond or Bonds shall no longer be deemed to be outstanding hereunder when:

(a) such Bond or Bonds shall have been purchased by the Town and surrendered to the Town for cancellation or otherwise surrendered to the Town or the Paying Agent and is canceled or subject to cancellation by the Town or the Paying Agent; or

(b) payment of the principal of and interest on such Bonds either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Paying Agent in trust and irrevocably set aside exclusively for such payment (1) moneys sufficient to make such payment or (2) Government Obligations (hereinafter

defined) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the Paying Agent. At such time as the Bonds shall no longer be deemed to be outstanding hereunder, such Bonds shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

“Government Obligations” shall mean any of the following:

- (i) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;
 - (ii) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”);
 - (iii) general obligation bonds of the State, its institutions, agencies, Towns and political subdivisions which, at the time of purchase, carry a AAA rating from Standard & Poor’s or a Aaa rating from Moody’s Investors Service; and
 - (iv) a defeasance obligation as defined in Section 6-5-10 of the S.C. Code as such as may be amended from time to time.
- (c) Such Bond of Bonds shall be defeased as provided in Section 11-14-110 of the S.C. Code as such may be amended from time to time.

The Town has reserved the right to modify this definition to conform to amendments in State law regarding legal investments of public funds.

SECTION 11. Exemption from State Taxes. Both the principal of and interest on the Bonds shall be exempt, in accordance with the provisions of Section 12-2-50 of the Code of Laws of South Carolina, 1976, as amended, from all State, county, municipal, town and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

SECTION 12. Eligible Securities. The Bonds initially issued (the “Initial Bonds”) will be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company, New York, New York (“DTC”), and transfers of beneficial ownership of the Initial Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of \$5,000 principal amount of bonds of the same maturity or any integral multiple of \$5,000.

The Initial Bonds shall be issued in fully-registered form, one Bond for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal of or interest on the Initial Bonds becomes due, the Paying Agent, on behalf of the Town, shall transmit to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to DTC in accordance with the provisions of the Ordinance.

If (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Town has advised DTC of its determination that DTC is incapable of discharging its duties, the Town shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the Town of the Initial Bonds together with an assignment duly executed by DTC, the Town shall execute and deliver to the successor securities depository bonds of the same principal amount, interest rate and maturity registered in the name of such successor.

If the Town is unable to retain a qualified successor to DTC or the Town has determined that it is in its best interest not to continue the book-entry system of transfer or that interests of the beneficial owners of the Bonds might be adversely affected if the book-entry system of transfer is continued (the Town undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify beneficial owners of the Bonds by mailing an appropriate notice to DTC, upon receipt by the Town of the Initial Bonds together with an assignment duly executed by DTC, the Town shall execute, authenticate and deliver to the DTC participants bonds in fully-registered form in the denomination of \$5,000 or any integral multiple thereof.

SECTION 13. Sale of Bonds, Form of Notice of Sale. The Bonds shall be sold at public sale. A Notice of Sale shall be distributed to prospective bidders and a summary of such Notice shall be published in a newspaper having general circulation in the State or in a financial publication published in the City of New York, State of New York, or both, not less than seven (7) days prior to the date set for such sale in substantially the form attached hereto as Exhibit B and incorporated herein by reference.

SECTION 14. Preliminary and Final Official Statement. The Town Council hereby authorizes and directs the Town Manager or his lawfully authorized designee to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds together with the Notice of Sale. The Town Council authorizes the Town Manager or his lawfully authorized designee to designate the Preliminary Official Statement as “near final” for purposes of Rule 15c2-12 of the Securities Exchange Commission (the “Rule”). The Town Manager or his lawfully authorized designee is further authorized to see to the completion of the final form of the Official Statement upon the sale of the Bonds so that it may be provided to the purchasers of the Bonds.

SECTION 15. Filings with Central Repository. In compliance with Section 11-1-85, South Carolina Code of Laws 1976, as amended, the Town covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of an annual independent audit of the Town within thirty (30) days of the Town's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, event specific information of an event which adversely affects more than five (5%) percent of the tax revenues of the Town or the Town's tax base.

SECTION 16. Continuing Disclosure. In compliance with the Rule, the Town covenants and agrees for the benefit of the holders from time to time of the Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of a Continuing Disclosure Certificate in substantially the form attached hereto and incorporated herein by reference as Exhibit C. In the event of a failure of the Town to comply with any of the provisions of the Continuing Disclosure Certificate, an event of default under this Ordinance shall not be deemed to have occurred. In such event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by the Town.

SECTION 17. Deposit and Use of Proceeds. The proceeds derived from the sale of the Bonds necessary to refund the 2008 Bonds to be Refunded shall be deposited with the Escrow Agent pursuant to the terms of the Refunding Trust Agreement between the Escrow Agent and the Town. The proceeds derived from the sale of the Bonds necessary to refund the 2005 Bonds to be Refunded and the 2010 Bonds to be Refunded shall be deposited with the respective Paying Agent for each and used to refund the 2005 Bonds to be refunded and the 2010 Bonds to be refunded as soon as practicable after closing. The remaining proceeds, if any, shall be deposited with the Town in a special fund and shall be applied solely to the purposes for which the Bonds have been issued, including payment of costs of issuance of the Bonds.

SECTION 18. Tax Covenants. With respect to the series of Bonds issued as tax-exempt, the Town hereby covenants and agrees with the holders of the Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the holders of the Bonds for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986 as amended (the "Code") and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. The Town further covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Bonds would have caused the Bonds to be "arbitrage bonds," as defined in Section 148 of the Code, and to that end the Town hereby shall:

- (i) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bonds are outstanding;

(ii) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and

(iii) make such reports of such information at the time and places required by the Code.

SECTION 19. Miscellaneous. The Town Council hereby authorizes the Mayor and Town Clerk, the Town Manager, the Director of Finance and any lawfully authorized designee to execute such documents and instruments as may be necessary to effect the issuance of the Bonds or make modifications in any documents including but not limited to the form of the Bond or Notice of Sale, if necessary. The Town Council hereby retains the law firm of McNair Law Firm, P.A. as bond counsel and Stifel – Merchant Capital Division, as financial advisor in connection with the issuance of the Bonds. The Town Manager is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

SECTION 20. Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

SECTION 21. Codification. This Ordinance shall be forthwith codified in the Code of Town Ordinances in the manner required by law.

SECTION 22. Effective Date. This Ordinance shall be effective upon its enactment by the Town Council of the Town of Hilton Head Island, South Carolina.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

PASSED, APPROVED, AND ADOPTED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA ON THIS ____ DAY OF _____, 2016.

David Bennett, Mayor

ATTEST:

Victoria L. Pfannenschmidt
Town Clerk

APPROVED AS TO FORM:

Gregory M. Alford, Town Attorney

First Reading: _____

Second Reading: _____

Introduced by Council Member:

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

Exhibit A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
THE TOWN OF HILTON HEAD ISLAND
\$ _____ GENERAL OBLIGATION REFUNDING BOND
SERIES 20__

No. R-

<u>INTEREST</u>	<u>MATURITY</u>	<u>ORIGINAL</u>	
<u>RATE</u>	<u>DATE</u>	<u>ISSUE DATE</u>	<u>CUSIP</u>

%

REGISTERED HOLDER:

PRINCIPAL AMOUNT:

DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the Town of Hilton Head Island, South Carolina (the "Town"), is justly indebted and, for value received, hereby promises to pay to the registered holder named above, or registered assigns, the principal amount shown above on the maturity date shown above, upon presentation and surrender of this Bond at the principal office of _____ in _____ (the "Paying Agent"), and to pay interest on such principal sum from the date hereof at the interest rate per annum shown above until this Bond matures. Interest on this Bond is payable semiannually on _____ 1 and _____ 1 of each year commencing _____ 1, 20__, until this Bond matures, and shall be payable by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Town maintained by the registrar, presently _____, in _____ (the "Registrar"), at the close of business on the fifteenth (15th) day of the calendar month next preceding each semiannual interest payment date. The principal and interest on this Bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, that interest on this fully-registered Bond shall be paid by check or draft as set forth above.

This Bond shall not be entitled to any benefit under the Ordinance of the Town authorizing the Bonds, nor become valid or obligatory for any purpose, until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

For the payment of the principal and interest of this Bond as they respectively mature and for the creation of such sinking fund as may be necessary to provide for the prompt payment hereof, the full faith, credit, taxing power and resources of the Town are hereby irrevocably pledged, and there shall be levied and collected annually upon all taxable property of the Town an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the securities depository nominee, is being issued and required to be deposited with the securities depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the securities depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the securities depository and its participants pursuant to rules and procedures established by the securities depository and its participants. The Town and the Registrar/Paying Agent will recognize the securities depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including payments of principal of and redemption premium, if any, and interest on this bond, notices and voting. Transfer of principal and interest payments to participants of the securities depository will be the responsibility of the securities depository, and transfer of principal, redemption premium, if any, and interest payments to beneficial owners of the Bonds by participants of the securities depository will be the responsibility of such participants and other nominees of such beneficial owners. The Town will not be responsible or liable for such transfers of payments or for maintaining, supervision or reviewing the records maintained by the securities depository, the securities depository nominee, its participants or persons acting through such participants. While the securities depository nominee is the owner of this bond, notwithstanding, the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Registrar/Paying Agent or its successors under the Ordinance and the securities depository.

This Bond is one of a series of Bonds of like date of original issue, tenor and effect, except as to number, date of maturity, denomination, [redemption provisions] and rate of interest, aggregating _____ Dollars issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended; Title 11, Chapters 15 and 27, Code of Laws of South Carolina 1976, as amended; [the favorable results of a referendum held in the Town on _____]; and Ordinance No. _____ duly enacted by the Town Council of the Town.

[Redemption Provisions]

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

This Bond is transferable as provided in the Ordinance, only upon the books of the Town kept for that purpose at the principal office of the Registrar by the registered holder in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his duly authorized attorney. Thereupon a new fully-registered Bond or Bonds of the same aggregate principal amount, interest rate, and maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance. The Town, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina (the "State"), this Bond and the interest hereon are exempt from all State, county, municipal, school district and other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State to exist, to happen and to be performed precedent to or in the issuance of this Bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that the amount of this Bond, together with all other indebtedness of the Town does not exceed the applicable limitation of indebtedness under the laws of the State; and, that provision has been made for the levy and collection of a tax, without limit, on all taxable property in the Town sufficient to pay the principal and interest of this Bond as they respectively mature and to create such sinking fund as may be necessary therefor.

IN WITNESS WHEREOF, THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the Town, attested by the manual or facsimile signature of the Town Clerk and the seal of the Town impressed, imprinted or reproduced hereon.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

(SEAL)

Mayor

ATTEST:

Town Clerk

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

Date of Authentication:

This Bond is one of the bonds described in the within mentioned Ordinance of the Town of Hilton Head Island, South Carolina.

_____,
as Registrar

By: _____
Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

_____ Custodian _____
(Cust) (Minor)

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

under Uniform Gifts to
Minors Act _____
(state)

Additional abbreviations may also be used though not in above list.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns
and transfers unto _____
(Name and Address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint _____
attorney to transfer the within Bond on the
books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature(s) must be
guaranteed by an institution which is a
a participant in the
registered Securities Transfer Agents
Medallion Program (“STAMP”)
or similar program.

Notice: The signature to
the assignment must correspond
with the name of the
holder as it appears upon the
face of the within Bond in every
particular, without alteration
or enlargement or any change
whatever.

A copy of the final approving legal opinion to be rendered shall accompany each Bond and preceding the same a certificate shall appear, which shall be signed on behalf of the Town with a manual or facsimile signature of the Town Clerk in the following form:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final legal opinion (except for date and letterhead) of McNair Law Firm, P.A., Columbia, South Carolina, approving the issue of Bonds of which the within Bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the Bonds, and a copy of which is on file with the Town of Hilton Head Island, South Carolina.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By _____
Town Clerk

FORM OF NOTICE OF SALE

\$ _____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016____
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

Time and Place of Sale: NOTICE IS HEREBY GIVEN that proposals addressed to the undersigned will be received on behalf of the Town Council (the "Council") of the Town of Hilton Head Island, South Carolina (the "Town"), in Council Chambers, One Town Center Court, Hilton Head Island, South Carolina, until _____, South Carolina time, on _____, 2016, at which time said proposals will be publicly opened for the purchase of _____ (\$ _____) General Obligation Refunding Bonds, Series 2016____ of the Town (the "Bonds").

Sealed Bids: Each hand delivered proposal shall be enclosed in a sealed envelope marked "Proposal for \$ _____ General Obligation Refunding Bonds, Series 2016____, Town of Hilton Head Island, South Carolina" and should be directed to the Director of Finance at the address in the first paragraph hereof.

Electronic Bids: Electronic proposals must be submitted through i-Deal's Parity Electronic Bid Submission System ("Parity"). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity may be obtained from i-Deal, 40 W. 23rd Street, 5th floor, New York, New York 10010, Customer Support, telephone (212) 404-8102.

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY ELECTRONIC BID, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE TOWN AT THE PLACE, DATE AND TIME APPOINTED, AND THE TOWN SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

Book-Entry-Only Bonds: The Bonds will be issued in fully-registered form. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond will be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry-only form in the principal amount of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC. The Bonds will be dated _____ 1, 2010 and will mature serially in successive annual installments on _____ 1 in each of the years and in the principal amounts as follows:

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

_____ 1	Principal <u>Amount*</u>	_____ 1	Principal <u>Amount*</u>
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*Preliminary, subject to adjustment.

Adjustment of Maturity Schedule. If, after final computation of the proposals, the Town determines in its sole discretion that the funds necessary to accomplish the purposes for which the Bonds are being issued are either more or less than the proceeds of the sale of the amount of the Bonds as shown in this Notice of Sale, it reserves the right either to decrease or increase the principal amount of the Bonds (all calculations to be rounded to the near \$5,000), provided that any such decrease or increase shall not exceed 10% of the par amount. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the Town in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph.

The Bonds will bear interest from the date thereof payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 2016.

[Redemption Provisions.]

Registrar/Paying Agent: Within twenty-four (24) hours of the sale of the Bonds, the Town will designate a registrar and paying agent (“Registrar/Paying Agent”) for the Bonds. The Registrar/Paying Agent shall be a bank, trust company, depository or transfer agent located either within or without the State of South Carolina.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of 1/20 or 1/8 of 1% with no greater difference than two percent (2%) between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. A bid for less than all the Bonds, a bid at a price less than par or a bid which includes a premium of more than 1% will not be considered. In addition to the bid price, the successful bidder must pay accrued interest from the date of the Bonds to the date of full payment of the purchase price.

Good Faith Deposit: A good faith deposit is not required.

Bid Form: It is requested but not required that you submit your bid on the Proposal for Purchase of Bonds supplied with the Official Statement.

Official Statement: Upon the award of the Bonds, the Town will prepare an official statement (the "Official Statement") in substantially the same form as the preliminary official statement subject to minor additions, deletions and revisions as required to complete the Official Statement. Within seven (7) business days after the award of the Bonds, the Town will deliver the Official Statement to the successful bidder in sufficient quantity to comply with Rule G-32 of the Municipal Securities Rulemaking Board. The successful bidder agrees to supply to the Town within 24 hours after the award of the Bonds all necessary pricing information and any Underwriter identification necessary to complete the Official Statement.

Security: The Bonds shall constitute binding general obligations of the Town, and the full faith, credit, resources and taxing power of the Town are irrevocably pledged for the payment of the principal and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary to provide for the prompt payment thereof. There shall be levied and collected annually upon all taxable property of the Town a tax, without limitation as to rate or amount, sufficient for such purposes.

Continuing Disclosure: In order to assist the bidders in complying with S.E.C. Rule 15c2-12(b)(5), the Town will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Legal Opinion: The Town shall furnish upon delivery of the Bonds the final approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, which opinion shall accompany each Bond, together with the usual closing documents, including a certificate that no litigation is pending affecting the Bonds.

Certificate as to Issue Price: The successful bidder must provide a certificate to the Town by the date of delivery of the Bonds, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate may be obtained from Bond Counsel.

Delivery: The Bonds will be delivered on or about _____, 2016, in New York, New York, at the expense of the Town or at such other place as may be agreed upon with the purchaser at the expense of the purchaser. The balance of the purchase price then due (including the amount of accrued interest) must be paid in federal funds or other immediately available funds.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the Town; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

Award of Bid. The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost (TIC) to the Town. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount all debt service payments on the Bonds (computed at the interest rates specified in the bid and on the basis of a 360-day year of twelve 30-day months) to the dated date of the Bonds, results in an amount equal to the price bid for the Bonds. In the case of a tie bid, the winning bid will be awarded by lot. The Town reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of the sale.

Additional Information: The Preliminary Official Statement and the Official Notice of Sale of the Town with respect to the Bonds are available via the internet at <http://www.idealprospectus.com> and will be furnished to any person interested in bidding on the Bonds upon request to McNair Law Firm, P. A., Post Office Box 11390, Columbia, South Carolina 29211, attention: Francenia B. Heizer, Esquire, telephone (803) 799-9800, e-mail: fheizer@mcnair.net. The Preliminary Official Statement shall be reviewed by bidders prior to submitting a bid. Bidders may not rely on this Official Notice of Sale as to the complete information concerning the Bonds. For additional information, please contact the Town's Bond Counsel, Francenia B. Heizer, Esquire, McNair Law Firm, P. A., Post Office Box 11390, Columbia, South Carolina 29211, telephone (803) 799-9800, e-mail: fheizer@mcnair.net or the Town's Financial Advisor, Brenton J. Robertson, Managing Director, Stifel – Merchant Capital Division, 515 Gervais Street, Columbia, South Carolina 20201, telephone (803) /331-3848, e-mail: robertsonb@stifel.com.

Town of Hilton Head Island, South Carolina

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Hilton Head Island, South Carolina (the “Town”) in connection with the issuance of \$_____ General Obligation Refunding Bonds, Series 2016__ (the “Bonds”). The Bonds are being issued pursuant to an Ordinance adopted by the Town Council of the Town (the “Council”). The Town covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the beneficial owners and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Bonds**” shall mean the \$_____ General Obligation Refunding Bonds, Series 20____, of the Town of Hilton Head Island, South Carolina, dated _____.

“**Dissemination Agent**” shall mean the Town or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**National Repository**” shall mean for purposes of the Rule, the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

“**Participating Underwriter**” shall mean _____ and any other original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Repository**” shall mean each National Repository and each State Depository, if any.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Depository” shall mean any public or private repository or entity designated by the State of South Carolina as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to provide, not later than February 1 of each year, commencing in 2017, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date the Town shall provide the Annual Report to the Dissemination Agent, if other than the Town; provided, that if the audited financial statements required pursuant to Section 4 hereof to be included in the Annual Report are not available for inclusion in the Annual Report as of such date, unaudited financial statements of the Town may be included in such Annual Report in lieu thereof, and the Town shall replace such unaudited financial statements with audited financial statements within fifteen (15) days after such audited financial statements become available for distribution. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted separately from the balance of the Annual Report.

(b) If the Town is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Town shall send a notice to the Municipal Securities Rulemaking Board and State Depository, if any, in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Depository, if any; and

(2) if the Dissemination Agent is other than the Town, file a report with the Town and (if the Dissemination Agent is not the Registrar) the Registrar certifying whether the Annual Report has been provided pursuant to this Disclosure Certificate, and, if provided, stating the date it was provided, and listing the Repository to which it was provided.

SECTION 4. Content of Annual Reports.

(a) The Town’s Annual Report shall contain or incorporate by reference the most recent audited financial statements, which shall be prepared in conformity with generally accepted accounting principles (or, if not in such conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information) applicable to governmental entities such as the Town, and shall, in addition, contain or incorporate by reference the following, for the immediately preceding fiscal year:

- (1) Town population;
- (2) Total state appropriations subject to withholding under Article X, Sec. 14, South Carolina Constitution;
- (3) Outstanding indebtedness of the Town;
- (4) Market value/assessment summary of taxable property in Town;
- (5) Tax levy for Town;
- (6) Tax collections for Town; and
- (7) Ten largest taxpayers (including fee-in-lieu-of-tax) for Town.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Town is an “obligated person” (as defined by the Rule), which have been previously filed with the National Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Town will clearly identify each such document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

(a) Pursuant to the provisions of this Section 5, the Town shall give, or cause to be given, notice of the occurrence of any of the following events (the “Listed Events”):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701- TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution, or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the County;
- (14) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee.

(b) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in subsections (a)(2), (7), (8), (11), (14), or (15) above, the Town shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Town determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the Town shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Trustee, the Municipal Securities Rulemaking Board and the State Depository.

(c) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) above, the Town shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Trustee, the Municipal Securities Rulemaking Board and the State Depository.

(d) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9), and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds. For the purposes of the event identified in (a)(13) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and

officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

SECTION 6. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Town.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Town, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Town chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Town shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Town, or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the Town, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Town, or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Town agrees to indemnify and save the Dissemination Agent, its officers,

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Town under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Town, the Dissemination Agent, the Participating Underwriters, and Holders from time to time of the Bonds and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By: _____
Town Manager

Dated: _____, 20__

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-12

Exhibit A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Town: Town of Hilton Head Island, South Carolina

Name of Bond Issue: \$_____ General Obligation Refunding Bonds, Series 2016____,
Town of Hilton Head Island, South Carolina

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that The Town of Hilton Head Island, South Carolina (the “Town”) has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the Town as Dissemination Agent. The Town has notified us in writing that the Annual Report will be filed by _____.

Dated: _____

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA



MEMORANDUM

TO: Town Council

FROM: Stephen G. Riley, ICMA-CM, Town Manager

VIA: Susan M. Simmons, CPA, Director of Finance

DATE: May 6, 2016

RE: **First Reading of Proposed Ordinance No. 2016-13 – General
Obligation Bond Anticipation Notes Ordinance for \$25,000,000**

Recommendation: Town Council approves first reading of Proposed Ordinance No. 2016-13 which establishes authority for issuing not to exceed \$25,000,000 in general obligation (GO) bond anticipation notes, series 2016, which will be repaid and pledged from ad valorem taxes.

Summary:

Staff recommends that Council adopt this ordinance which is the second in a series of four ordinances described in the background section below. This ordinance proposes to issue short-term funding for several projects pending the resolution of several matters impacting permanent financing.

These bond anticipation notes (BANs) will fund capital projects intended to be financed long-term with GO bonds and repaid with ad valorem taxes as well as the beach renourishment intended to be financed long-term with special obligation bonds (beach preservation fee pledge). The primary reasons for issuing BANs is that the Town (a) anticipates FEMA funding to assist with the beach renourishment which could significantly impact (lessen) the amount of long-term financing and (b) awaits the outcome of the County Capital Sales Tax referendum which could impact the funding for several Town projects.

Additional information on the bonds being refunded can be found in the attached ordinances.

Background: The four ordinances proposed in this series are for the following debt financing recommendations.

1. Ordinance 2016-12 proposes to refund three previous bond issues to reduce the borrowing rate, resulting in significant savings. (Not to exceed amount – \$30,500,000)

2. Ordinance 2016-13 proposes to issue bond anticipation notes which will provide short-term financing for both capital projects to be financed long-term with general obligation bonds and the beach renourishment project which will be financed long-term with special obligation bonds (beach preservation fee pledge). Due to several pending issues, the timing is not right to make permanent financing decisions. Therefore, staff with the assistance of bond counsel and the financial advisor has determined that it is prudent to issue bond anticipation notes now. Staff expects to issue permanent financing within one year. (Not to exceed amount – \$25,000,000)
3. Ordinance 2016-14 proposes to issue general obligation bonds (new money) to finance – in whole or part, or reimburse several capital projects including the Shelter Cove Park, sewer projects, fire station #2, and the Island Recreation Center expansion. (Not to exceed – \$21,200,000)
4. Ordinance 2016-15 proposes to issue special obligation bonds (beach preservation fee pledge) for the beach renourishment project. The ordinances are being issued for the maximum not to exceed amount; however, staff believes the Town will receive FEMA funding for the beach project which will reduce the bond amount needed. (Not to exceed amount – \$25,200,000)

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-13

AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING \$25,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2016, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; FIXING THE FORM AND DETAILS OF THE NOTES; AUTHORIZING THE TOWN MANAGER TO DETERMINE CERTAIN MATTERS RELATING TO THE NOTES; PROVIDING FOR THE PAYMENT OF THE NOTES AND THE DISPOSITION OF THE PROCEEDS THEREOF; OTHER MATTERS RELATING THERETO; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Town is undertaking a beach renourishment project (the “Beach Project”), the approximate cost of which is \$20,500,000; and

WHEREAS, Town Council has been advised that a portion of the cost of the Beach Project may be paid from funds received from the Federal Emergency Management Agency (“FEMA”) as a result of the torrential rain event which occurred in October 2015;

WHEREAS, Town Council has been advised that the amount of the FEMA reimbursement is unknown at this time; and

WHEREAS, Town Council has been advised that permanent funding for the Beach Project will be provided through the issuance of Special Obligation Bonds (Beach Preservation Fee Pledge) under the terms and provisions of its General Bond Ordinance No. 2011-18 enacted by the Town Council on September 6, 2011, and a Second Supplemental Ordinance to be enacted; and

WHEREAS, Town Council has been advised that the issuance of general obligation bond anticipation notes to provide interim financing for the Beach Project is appropriate and in the best interests of the Town;

WHEREAS, the Town plans to undertake a series of capital projects (the “Capital Projects”) which will be funded from the proceeds of general obligation bonds; and

WHEREAS, the full and final costs of the Capital Projects has not yet been determined; and

WHEREAS, Town Council has been advised that the issuance of general obligation bond anticipation notes to provide interim financing for the Capital Projects is appropriate and in the best interests of the Town.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AS FOLLOWS:

SECTION 1. Findings and Determinations. The Town Council (the “Town Council”) of the Town of Hilton Head Island, South Carolina (the “Town”), hereby finds and determines:

(a) The Town is an incorporated municipality located in Beaufort County, South Carolina, and as such possesses all powers granted to municipalities by the Constitution of the State of South Carolina, 1895, as amended (the “Constitution”) and laws of the State of South Carolina (the “State”).

(b) Article X, Section 14 of the Constitution provides that general obligation debt may be incurred by the governing body of each municipality of the State for any public and corporate purpose in an amount not exceeding eight (8%) percent of the assessed value of all taxable property of such municipality and upon such terms and conditions as the General Assembly may prescribe. Such Article further provides that if general obligation debt is authorized by a majority vote of the qualified electors of the municipality voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in such Article.

(c) Title 5, Chapter 21, Article 5, Code of Laws of South Carolina, 1976, as amended (the “Municipal Bond Act”), provides that the municipal council of any municipality may issue general obligation bonds of such municipality for any corporate purpose of such municipality to any amount not exceeding the constitutional debt limitation applicable to such municipality.

(d) The Municipal Bond Act provides that as a condition precedent to the issuance of bonds an election be held and the result be favorable thereto. Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended, provides that if an election be prescribed by the provisions of the Municipal Bond Act, but not be required by the provisions of Article X of the Constitution, then in every such instance, no election need be held (notwithstanding the requirement therefor) and the remaining provisions of the Municipal Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions.

(e) The assessed value of all the taxable property in the Town as of December 14, 2014, for purposes of computation of the Town’s constitutional debt limit, is \$907,022,000. Eight percent of such sum is \$72,561,760. As of the date hereof, the outstanding general obligation debt of the Town subject to the limitation imposed by Article X, Section 14(7) of the Constitution is \$6,967,845. Thus, the Town may incur \$65,593,915 of additional general obligation debt within its applicable debt limitation.

(f) Article X, Section 14 of the Constitution further provides that general obligation bond anticipation notes may be issued in anticipation of the proceeds of general obligation bonds which may lawfully be issued under such terms and conditions that the General Assembly may prescribe by law.

(g) Pursuant to the provisions of Title 11, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended, any municipality, whenever authorized by general or special law to issue bonds, may, pending the sale and issuance thereof, borrow in anticipation of the receipt of the proceeds of the bonds. Such provisions also provide that if any approval be necessary prior to the issuance of bonds by the municipality, the municipality must obtain the same approval prior to the issuance of temporary financing provided therein.

(h) Simultaneously with the enactment of this Ordinance, the Town intends to enact an ordinance authorizing not to exceed \$25,200,000 Special Obligation Bonds to pay a portion of the Notes authorized herein and to fund the Beach Project and an ordinance authorizing not to exceed \$21,200,000 General Obligation Bonds to pay a portion of the Notes authorized herein and to fund the Capital Projects.

(i) Pursuant to Ordinance No. 2013-03 duly enacted by the Town Council on May 7, 2013, the Town has adopted Written Procedures Related to Tax-Exempt Debt.

(j) The Town Council finds that pending the issuance and sale of the special obligation bonds and the general obligation bonds, it is necessary and in the best interest of the Town to provide for the issuance and sale of general obligation bond anticipation notes of the Town pursuant to the provisions of the Constitution and laws of the State for the purposes of providing funds: (i) to defray the costs of the Beach Project and the Capital Projects; and (ii) to pay the costs of issuance of the Notes hereinafter defined.

SECTION 2. Authorization of Bonds. At the Town Council meeting wherein this Ordinance will be enacted, the Town Council intends to enact an ordinance authorizing not to exceed \$25,200,000 Special Obligation Bonds (the “Special Obligation Bonds”) to pay a portion of the Notes authorized herein and to fund the Beach Project and an ordinance authorizing not to exceed \$21,200,000 General Obligation Bonds (the “General Obligation Bonds,” and together with the Special Obligation Bonds, the “Bonds”) to pay a portion of the Notes authorized herein and to fund the Capital Projects.

SECTION 3. Authorization and Details of Notes. Pursuant to the provisions of the Constitution and laws of the State, there is hereby authorized to be issued general obligation bond anticipation notes of the Town for the purposes set forth in Section 1(j) above in an aggregate amount not exceeding \$25,000,000. The notes authorized hereunder shall be identified as “General Obligation Bond Anticipation Notes, Series 2016, or such other series designation, of the Town of Hilton Head Island, South Carolina” (the “Notes”).

The Notes will initially be issued under the DTC Book-Entry-Only System in the form of a single fully registered note, registered in the name of Cede & Co. as the registered owner and nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Notes. The Notes shall be dated their date of delivery; shall be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of the Notes; shall be numbered from R-1 with an appropriate series designation, if any; shall bear

interest from their date as may be accepted by the Town Manager at the time of the sale thereof; and shall mature in annual installments as determined by the Town Manager.

Both the principal of and interest on the Notes shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts.

Pending the issuance and sale of the Bonds, Town Council may determine it to be in the best interest of the Town to refund or renew the outstanding Notes. Therefore, the Town Council hereby authorizes the Notes to be refunded or renewed and such authorization to be effected by a resolution of Town Council incorporating the terms of this Ordinance.

SECTION 4. Delegation of Authority to the Town Manager. The Town Council hereby expressly delegates to the Town Manager the authority, with respect to the Notes, to determine (a) the maturity dates and the respective principal amounts maturing on such dates; (b) the interest payment dates; (c) the redemption provisions, if any; (d) the Registrar/Paying agent; (e) whether to publish notice of the adoption of this ordinance under the provisions of Section 11-27-40(8), Code of Laws of South Carolina, 1976, as amended; (f) the date and time of the sale, including whether or not the Notes should be sold on the same date as the general obligation Notes being authorized under separate ordinance; (g) what portion of the Notes should be issued as taxable; and (h) such other matters as are necessary or appropriate. The Town Manager is further directed to consult with the Town's financial advisor and bond counsel in making any such decisions.

The Town Council hereby further delegates to the Town Manager or his lawfully authorized designee the authority to receive bids on behalf of the Town Council and the authority to award the sale of the Notes to the lowest bidder therefor, in accordance with the terms of the Notice of Sale for the Notes, provided the true interest cost does not exceed 3.00%. After the sale of the Notes, the Town Manager or his lawfully authorized designee shall submit a written report to the Town Council setting forth the results of the sale of the Notes.

SECTION 5. Registrar/Paying Agent. Within twenty-four (24) hours of the sale of the Notes, the Town will designate a registrar and paying agent ("Registrar/Paying Agent") for the Notes. The Registrar/Paying Agent shall be a bank, trust company, depository or transfer agent located either within or without the State.

SECTION 6. Registration and Transfer. The Town shall cause books (herein referred to as the "registry books") to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Notes. Upon presentation at its office for such purpose, the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Notes under such reasonable regulations as the Registrar/Paying Agent may prescribe.

Each Note shall be transferable only upon the registry books of the Town, which shall be kept for such purpose at the principal office of the Registrar/Paying Agent, by the registered

owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent, duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Note, the Registrar/Paying Agent on behalf of the Town shall issue in the name of the transferee a new fully registered Note, of the same aggregate principal amount, interest rate, and maturity as the surrendered Note. Any such Note surrendered in exchange for a new registered Note pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The Town and the Registrar/Paying Agent may deem or treat the person in whose name any fully registered Note shall be registered upon the registry books as the absolute owner of such Note, whether such Note shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Note and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the Town nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Notes is exercised, the Town shall execute and the Registrar/Paying Agent shall authenticate and deliver Notes in accordance with the provisions of this Ordinance. Neither the Town nor the Registrar/Paying Agent shall be obliged to make any such transfer of Notes during the period beginning on the day after the 15th calendar day of the month next preceding an interest payment date on such Notes and ending on such interest payment date.

SECTION 7. Record Date. The Town hereby establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Notes, and such record date shall be the 15th day of the calendar month next preceding an interest payment date on such Notes or, in the case of any proposed redemption of Notes, such record date shall not be more than 15 days prior to the mailing of notice of redemption of Notes.

SECTION 8. Lost, Stolen, Destroyed, or Defaced Notes. In case the Notes shall at any time become mutilated, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the Town shall execute and the Registrar/Paying Agent shall authenticate and deliver at the principal office of the Registrar/Paying Agent, or send by registered mail to the owner thereof at his request, risk and expense, a new Note of the same interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Note, or in lieu of or in substitution for such lost, stolen or destroyed Note. In any such event the applicant for the issuance of a substitute Note shall furnish the Town and the Registrar/Paying Agent evidence or proof satisfactory to the Town and the Registrar/Paying Agent of the loss, destruction, mutilation, defacement or theft of the original Note, and of the ownership thereof, and also such security and indemnity in such amount as may be required by the laws of the State or such greater amount as may be required by the Town and the Registrar/Paying Agent. Any duplicate Note issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Note or in substitution for any allegedly lost, stolen or wholly destroyed Note shall be

entitled to the identical benefits under this Ordinance as was the original Note in lieu of which such duplicate Note.

All expenses necessary for the providing of any duplicate Note shall be borne by the applicant therefor.

SECTION 9. Book-Entry-Only System. The Notes initially issued (the “Initial Notes”) will be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company, New York, New York (“DTC”), and transfers of beneficial ownership of the Initial Notes shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of \$5,000 principal amount of Notes of the same maturity or any integral multiple of \$5,000.

The Initial Notes shall be issued as one single fully-registered Note in the name of Cede & Co., as the nominee of DTC. When any principal of or interest on the Initial Notes becomes due, the Paying Agent, on behalf of the Town, shall transmit to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the Notes or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Notes or any portion thereof shall be sent to DTC in accordance with the provisions of the Ordinance.

If (a) DTC determines not to continue to act as securities depository for the Notes, or (b) the Town has advised DTC of its determination that DTC is incapable of discharging its duties, the Town shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the Town of the Initial Notes together with an assignment duly executed by DTC, the Town shall execute and deliver to the successor securities depository Notes of the same principal amount, interest rate, and maturity registered in the name of such successor.

If the Town is unable to retain a qualified successor to DTC or the Town has determined that it is in its best interest not to continue the book-entry system of transfer or that interests of the beneficial owners of the Notes might be adversely affected if the book-entry system of transfer is continued (the Town undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify beneficial owners of the Notes by mailing an appropriate notice to DTC, upon receipt by the Town of the Initial Notes together with an assignment duly executed by DTC, the Town shall execute, authenticate and deliver to the DTC participants Notes in fully-registered form, in substantially the form set forth in Exhibit A of this Ordinance in the denomination of \$5,000 or any integral multiple thereof.

Notwithstanding the foregoing, at the request of the purchaser, the Notes will be issued as one single fully-registered note not issued through the book-entry system.

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SECTION 10. Execution of Notes. The Notes shall be executed in the name of the Town with the manual or facsimile signature of the Mayor attested by the manual or facsimile signature of the Town Clerk under a facsimile of the seal of the Town which shall be impressed, imprinted or reproduced thereon. The Notes shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. The Notes shall bear a certificate of authentication manually executed by the Registrar/Paying Agent in substantially the form attached hereto as Exhibit A.

SECTION 11. Form of Notes. The Notes shall be in substantially the form attached hereto as Exhibit A.

SECTION 12. Security for Notes. For the payment of the principal of and interest on the Notes as they respectively mature there are hereby pledged the proceeds of the Bonds and the full faith, credit and taxing power of the Town. The Town at its option may also utilize any other funds available therefor for the payment of the principal of and interest on the Notes.

SECTION 13. Exemption from Taxation. Both the principal of and interest on the Notes shall be exempt, in accordance with the provisions of Section 12-2-50, Code of Laws of South Carolina, 1976, as amended, from all State, county, municipal, school district, and all other taxes or assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate and transfer taxes, but the interest thereon may be includable in certain franchise fees or taxes.

SECTION 14. Sale of Notes, Form of Notice of Sale. The Notes shall be sold at public sale. A summary Notice of Sale shall be published not less than seven days prior to the date fixed for sale, in a newspaper having general circulation in the State and, if deemed appropriate by the Town Manager, in a financial publication published in the City of New York, State of New York. The official Notice of Sale shall be in the form attached hereto as Exhibit B and shall be distributed simultaneously with the distribution of the Preliminary Official Statement, if any, prepared in connection with the Notes, with such modifications as may be determined to be necessary by the financial advisor and bond counsel.

SECTION 15. Deposit and Use of Proceeds. The proceeds derived from the sale of the Notes are to be used for the purposes set forth in Section 1(j) herein, and shall be applied by the Town solely to the purposes for which the Notes have been issued, except that the premium, if any, shall be placed in a sinking fund.

SECTION 16. Preliminary and Final Official Statement. The Town Council hereby authorizes and directs the Town Manager to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Notes together with the Notice of Sale of the Notes. The Town Council authorizes the Town Manager to designate the Preliminary Official Statement as “near final” for purposes of Rule 15c2-12 of the Securities Exchange Commission. The Town Manager is further authorized to see to the completion of the

final form of the Official Statement upon the sale of the Notes so that it may be provided to the purchaser of the Notes.

SECTION 17. Filings with Central Repository. In compliance with Section 11-1-85 of the SC Code, as amended, the Town covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of an annual independent audit of the Town within thirty (30) days of the Town's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, event specific information of an event which adversely affects more than five (5%) percent of the tax revenues of the Town or the Town's tax base.

SECTION 18. Continuing Disclosure. In compliance with the Rule, the Town covenants and agrees for the benefit of the holders from time to time of the Notes to execute and deliver prior to closing, and to thereafter comply with the terms of a Continuing Disclosure Certificate in substantially the form attached hereto and incorporated herein by reference as Exhibit C. In the event of a failure of the Town to comply with any of the provisions of the Continuing Disclosure Certificate, an event of default under this Ordinance shall not be deemed to have occurred. In such event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by the Town.

SECTION 19. Defeasance. The obligations of the Town under this Ordinance and the pledges, covenants and agreements of the Town herein made or provided for, shall be fully discharged and satisfied as to any portion of the Notes, and such Note or Notes shall no longer be deemed to be outstanding hereunder when:

(a) such Note or Notes shall have been purchased by the Town and surrendered to the Town for cancellation or otherwise surrendered to the Town or the Paying Agent and is canceled or subject to cancellation by the Town or the Paying Agent; or

(b) payment of the principal of and interest on such Notes either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with a corporate trustee in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, or (2) Government Obligations (hereinafter defined) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the corporate trustee. At such time as the Notes shall no longer be deemed to be outstanding hereunder, such Notes shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

“Government Obligations” shall mean any of the following:

- (i) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on

which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;

- (ii) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”);
- (iii) general obligation bonds of the State, its institutions, agencies, Towns and political subdivisions which, at the time of purchase, carry a AAA rating from Standard & Poor’s or a Aaa rating from Moody’s Investors Service; and
- (iv) a defeasance obligation as defined in Section 6-5-10 of the S.C. Code as such as may be amended from time to time.

(c) Such Note or Notes shall be defeased as provided in Section 11-14-110 of the S.C. Code as such may be amended from time to time.

SECTION 20. Tax Covenants. The Town hereby covenants and agrees with the holders of the Notes that it will not take any action which will, or fail to take any action which failure will, cause interest on the Notes to become includable in the gross income of the holders of the Notes for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986, as amended (the “Code”) and regulations promulgated thereunder in effect on the date of original issuance of the Notes. The Town further covenants and agrees with the holders of the Notes that no use of the proceeds of the Notes shall be made which, if such use had been reasonably expected on the date of issue of the Notes would have caused the Notes to be “arbitrage bonds,” as defined in Section 148 of the Code, and to that end the Town hereby shall:

- (a) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Notes are outstanding;
- (b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and
- (c) make such reports of such information at the time and places required by the Code.

SECTION 21. Declaration of Intent to Reimburse Certain Expenditures. This Ordinance shall constitute the Town’s declaration of official intent pursuant to Regulation §1.150-2 of the Code to reimburse the Town from a portion of the proceeds of the Bonds for expenditures it anticipates incurring (the “Expenditures”) with respect to the Referendum Projects set forth in Section 2(f) hereof prior to the issuance of the Bond. The Expenditures which are reimbursed are

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-13

limited to Expenditures which are: (a) properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Regulation §1.150-2 of the Code) under general federal income tax principals; or (2) certain de minimis or preliminary Expenditures satisfying the requirements of Regulation §1.150-2(f) of the Code. The source of funds for the Expenditures with respect to these projects will be the Town's reserve funds. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid; or (b) the date such projects were placed in service, but in no event more than three (3) years after the original Expenditures.

SECTION 22. Miscellaneous. The Town Council hereby authorizes the Mayor and Town Clerk, the Town Manager, the Director of Finance and any lawfully authorized designee to execute such documents and instruments as may be necessary to effect the issuance of the Notes or make modifications in any documents including but not limited to the form of the Note or Notice of Sale, if necessary. The Town Council hereby retains the law firm of McNair Law Firm, P.A. as bond counsel and Stifel – Merchant Capital Division, as financial advisor in connection with the issuance of the Notes. The Town Manager is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

SECTION 23. Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

SECTION 24. Codification. This Ordinance shall be forthwith codified in the Code of Town Ordinances in the manner required by law.

SECTION 25. Effective Date. This Ordinance shall be effective upon its enactment by the Town Council of the Town of Hilton Head Island, South Carolina.

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PROPOSED ORDINANCE NO. 2016-13

PASSED, APPROVED, AND ADOPTED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA ON THIS ____ DAY OF _____, 2016.

David Bennett, Mayor

ATTEST:

Victoria L. Pfannenschmidt
Town Clerk

APPROVED AS TO FORM:

Gregory M. Alford, Town Attorney

First Reading: _____

Second Reading: _____

Introduced by Council Member:

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-13

EXHIBIT A

FORM OF NOTE

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA
GENERAL OBLIGATION BOND ANTIICIPATION NOTE
SERIES _____

No. R-

Interest <u>Rate</u>	Maturity <u>Date</u>	Original <u>Issue Date</u>	<u>CUSIP</u>
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REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the Town of Hilton Head Island, South Carolina (the "Town") hereby acknowledges itself indebted, and for value received promises to pay to the registered owner hereof, the principal sum of _____ Dollars (\$_____) at the principal office of _____, in the City of _____, State of _____ on the ___ day of _____, 20___, and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on said principal sum from the date hereof, at the rate of _____%, payable upon the maturity of this note.

[Redemption Provisions]

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Both the principal of and interest on this note are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

This note represents a series of general obligation bond anticipation notes (the "Notes"), issued by the Town, pursuant to the authorization of Title 11, Chapter 17, Code of Laws of South Carolina 1976, as amended, in anticipation of the receipt of the proceeds to be derived from the general obligation bonds of the Town to be issued pursuant to and in accordance with the provisions of the Constitution and Laws of the State of South Carolina including Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended; Title 11, Chapter 27, Code of Laws of South Carolina, 1976, as amended; Title 5, Chapter 21, Code of Laws of South Carolina, 1976, as amended, and an ordinance duly enacted by the Town Council

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PROPOSED ORDINANCE NO. 2016-13

on _____, 2016 (the "Ordinance"). The full faith, credit and taxing power of the Town and the proceeds to be derived from the sale of bonds are pledged for the payment of the principal of and interest on the Notes.

The Notes are being issued by means of a book-entry system with no physical distribution of certificates to be made except as provided in the Ordinance. One certificate registered in the name of the Securities Depository Nominee is being issued and is required to be deposited with the Securities Depository. The book-entry system will evidence positions held in the Notes by the Securities Depository's participants, beneficial ownership of the Notes in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its Participants.

_____ as Registrar/Paying Agent will recognize the Securities Depository Nominee, while the registered owner of the Notes, as the owner of the Notes for all purposes, including payments of principal of and redemption premium, if any, and interest on the Notes, notices and voting. Transfer of principal and interest payments to Participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, redemption premium, if any, and interest payments to beneficial owners of the Notes by Participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Town and Registrar/Paying Agent will not be responsible or liable for such transfers of payment or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its Participants or persons acting through such Participants. While the Securities Depository Nominee is the owner of the Notes, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on the Notes shall be made in accordance with existing arrangements between the Registrar/Paying Agent or its successors under the Ordinance and the Securities Depository.

This Note and the interest hereon are exempt from all State of South Carolina (the State"), county, municipal, school district, and all other taxes or assessments of the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate and transfer taxes but the interest on this Note may be included for certain franchise fees or taxes.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State to exist, to happen, or to be performed precedent to or in the issuance of this note, do exist, have happened, and have been performed in regular and due time, form and manner, and the amount of this note, and the issue of which this note is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, has caused this Note to be signed with the signature of the Mayor of the Town

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Council, attested by the signature of the Town Clerk and the seal of the Town impressed, imprinted, or reproduced hereon.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

(SEAL)

Mayor

ATTEST:

Town Clerk

[FORM OF REGISTRAR/PAYING AGENT’S CERTIFICATE OF AUTHENTICATION]

Date of Authentication:

This note is one of the Notes described in the within mentioned Ordinance of the Town of Hilton Head Island, South Carolina.

Agent

[REGISTRAR/PAYING AGENT] as Registrar/Paying

By: _____
Authorized Officer

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-13

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

_____ Custodian _____
(Cust) (Minor)

JT TEN - as joint tenants with right
of survivorship and not as
tenants in common

under Uniform Gifts to Minors
Act _____
(state)

Additional abbreviations may also be used though not in above list.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name and Address of Transferee)

_____ the within Note and
does hereby irrevocably constitute and appoint _____
attorney to transfer the within Note on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Signature must be guaranteed by
a participant in the Securities Transfer
Agent Medallions Program (STAMP)

Notice: The signature to the assignment must correspond
with the name of the registered owner as it appears
upon the face of the within Note in every particular,
without alteration or enlargement or any change
whatever

FORM OF NOTICE OF SALE

NOTICE OF SALE

\$ _____ GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES _____
OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

DATE AND TIME OF SALE: Sealed and electronic bids for the purchase of all but not part of the above notes (the “Notes”) will be received by the Town of Hilton Head Island, South Carolina (the “Town”), in the case of sealed bids, at the offices of the Town, One Town Center Court, Hilton Head Island, South Carolina, until _____ (South Carolina Time) on _____, _____, 2016.

BID SUBMISSION: Sealed and electronic bids only will be accepted. Sealed bids shall be enclosed in a sealed envelope marked on the outside “Proposal for the Purchase of Town of Hilton Head Island, South Carolina, General Obligation Bond Anticipation Notes, Series 20__.” Electronic proposals must be submitted through i-Deal's Parity Electronic Bid Submission System (“Parity”). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity may be obtained from i-Deal, 1359 Broadway, 2nd Floor, New York, New York 10018, Customer Support, telephone (212) 849-5021.

GOOD FAITH DEPOSIT: No good faith deposit will be required.

NOTE DETAILS: The Notes will be issued initially as a single fully registered note in book-entry only form and when issued will be registered to Cede & Co., as nominee for DTC. Purchases of beneficial interest in the Notes will be made in book-entry form only, in the denomination of \$5,000 or any integral multiple thereof. The Notes will be dated _____, 20__, the expected date of delivery, and due on _____, 20__. Interest, calculated on the basis of a 360-day year of twelve 30-day months, will be payable at maturity on _____, 20__.

ADJUSTMENT OF PAR AMOUNT: The par amount set forth above (the “Par Amount”) represents an estimate of the Par Amount of the Notes which will be sold. If, after final computation of the bids, the Town determines that the Par Amount of the Notes should be adjusted, the Town reserves the right to increase or decrease the Par Amount of the Notes (to be rounded to the near \$5,000).

In the event of any such adjustment of the Par Amount as described herein, no rebidding or recalculation of the bids submitted will be required or permitted. Nevertheless, the award of the Notes will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Notes offered, without taking into account any adjustment in the Par Amount of the Notes pursuant to this paragraph.

REDEMPTION PROVISIONS: The Notes will [will not] be subject to redemption prior to their stated maturity.

INTEREST RATES: Bidders must specify the fixed rate of interest the Notes shall bear according to the following restrictions: (a) the interest rate may not exceed _____ percent (___%); and (b) the interest rate specified must be a multiple of 1/100th of one percent.

BASIS OF AWARD: The Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest true interest cost (TIC) to the Town. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount the debt service payment on the Notes (computed at the interest rates specified in the bid and on the basis of a 360-day year of twelve 30-day months) to the dated date of the Notes, results in an amount equal to the price bid for the Notes. In the case of a tie bid, the winning bid will be awarded based on time received. The Town reserves the right to reject any and all bids or to waive irregularities in any bid. **ANY BID FOR LESS THAN ALL THE NOTES OR A BID FOR LESS THAN PAR WILL BE REJECTED.** In order to calculate the yield on the Notes for federal tax law purposes and as a condition precedent to the award of the Notes, the successful bidder will be required to disclose to the Town the price (or yield to maturity) at which the Notes will be reoffered to the public. The Notes will be awarded or all bids will be rejected by no later than 3:00 P.M. (Eastern Time) on the day bids are opened, _____, 20__.

SECURITY: The Notes are secured by an irrevocable pledge of the full faith, credit and taxing power of the Town. In addition, so much of the principal proceeds of the special obligation bonds and general obligation bonds (the "Bonds"), when issued, have been directed to be applied to the payment of the Notes; further, the Town covenants and irrevocably pledges to effect the issuance of the Bonds or, in the alternative, to refund or renew the Notes in order that the proceeds thereof will be sufficient to provide for the retirement of the Notes.

REGISTRAR/PAYING AGENT: Within twenty-four (24) hours of the sale of the Notes, the Town will designate a registrar and paying agent ("Registrar/Paying Agent") for the Notes. The Registrar/Paying Agent shall be a bank, trust company, depository or transfer agent located either within or without the State of South Carolina.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Notes, but neither the failure to print such numbers on the Notes nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Notes.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-13

DELIVERY: The Notes will be delivered on or about _____, 20____, in New York, New York, at the expense of the Town. The purchase price then due must be paid in federal funds or other immediately available funds.

OFFICIAL STATEMENT: The Preliminary Official Statement has been deemed final by the Town for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) but is subject to revision, amendment and completion in a final Official Statement as provided in the Rule. Within seven (7) business days of the bid opening date, the Town will deliver the final Official Statement to the successful bidder in sufficient quantity to comply with the Rule.

LEGAL OPINION: The issuance of the Notes is subject to the favorable opinion of McNair Law Firm, P.A., Bond Counsel, as to the validity of the issuance of the Notes under the constitution and laws of the State and the exemption of the Notes from federal income taxation, which opinion shall accompany the Notes, together with the usual closing documents, including a certificate that no litigation is pending affecting the Notes.

CERTIFICATE AS TO ISSUE PRICE: The successful bidder must provide a certificate to the Town by the date of delivery of the Notes, stating the initial reoffering price of the Notes to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Notes were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate may be obtained from Bond Counsel.

ADDITIONAL INFORMATION: The Preliminary Official Statement and the Official Notice of Sale of the Town with respect to the Notes are available via the internet at <http://www.idealprospectus.com> and will be furnished to any person interested in bidding for the Notes upon request to McNair Law Firm, P. A., Post Office Box 11390, Columbia, South Carolina 29211, attention: Francenia B. Heizer, Esquire, telephone (803) 799-9800, e-mail: fheizer@mcnair.net. The Preliminary Official Statement shall be reviewed by bidders prior to submitting a bid. Bidders may not rely on this Official Notice of Sale as to the complete information concerning the Notes. For additional information, please contact the Town's Bond Counsel, Francenia B. Heizer, Esquire, McNair Law Firm, P. A., Post Office Box 11390, Columbia, South Carolina 29211, telephone (803) 799-9800, e-mail: fheizer@mcnair.net or the Town's Financial Advisor, Brenton J. Robertson, Managing Director, Stifel – Merchant Capital Division, 515 Gervais Street, Columbia, South Carolina 20201, telephone (803) /331-3848, e-mail: robertsonb@stifel.com.

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Hilton Head Island, South Carolina (the “Town”) in connection with the issuance of \$_____ General Obligation Bond Anticipation Notes, Series 2016 (the “Notes”). The Notes are being issued pursuant to an Ordinance adopted by the Town Council of the Town (the “Council”). The Town covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the beneficial owners and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean the Town or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“National Repository” shall mean for purposes of the Rule, the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

“Notes” shall mean the \$_____ General Obligation Bond Anticipation Notes, Series 2016, of the Town of Hilton Head Island, South Carolina, dated _____.

“Participating Underwriter” shall mean _____ and any other original underwriter of the Notes required to comply with the Rule in connection with offering of the Notes.

“Repository” shall mean each National Repository and each State Depository, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Depository” shall mean any public or private repository or entity designated by the State of South Carolina as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to provide, not later than February 1 of each year, commencing in 20____, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date the Town shall provide the Annual Report to the Dissemination Agent, if other than the Town; provided, that if the audited financial statements required pursuant to Section 4 hereof to be included in the Annual Report are not available for inclusion in the Annual Report as of such date, unaudited financial statements of the Town may be included in such Annual Report in lieu thereof, and the Town shall replace such unaudited financial statements with audited financial statements within fifteen (15) days after such audited financial statements become available for distribution. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted separately from the balance of the Annual Report.

(b) If the Town is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Town shall send a notice to the Municipal Securities Rulemaking Board and State Depository, if any, in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Depository, if any; and

(2) if the Dissemination Agent is other than the Town, file a report with the Town and (if the Dissemination Agent is not the Registrar) the Registrar certifying whether the Annual Report has been provided pursuant to this Disclosure Certificate, and, if provided, stating the date it was provided, and listing the Repository to which it was provided.

SECTION 4. Content of Annual Reports.

(a) The Town’s Annual Report shall contain or incorporate by reference the most recent audited financial statements, which shall be prepared in conformity with generally accepted accounting principles (or, if not in such conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information) applicable to governmental entities such as the Town, and shall, in addition, contain or incorporate by reference the following, for the immediately preceding fiscal year:

- (1) Town population;
- (2) Total anticipated state appropriations subject to withholding under Article X, Sec. 14, South Carolina Constitution;
- (3) Outstanding indebtedness of the Town;
- (4) Market value/assessment summary of taxable property in Town;
- (5) Tax levy for Town;
- (6) Tax collections for Town; and
- (7) Five largest taxpayers (including fee-in-lieu-of-tax) for Town.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Town is an “obligated person” (as defined by the Rule), which have been previously filed with the National Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Town will clearly identify each such document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Town shall give, or cause to be given, notice of the occurrence of any of the following events (the “Listed Events”):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution, or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the Town;

(14) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(15) Appointment of a successor or additional trustee or the change of name of a trustee.

(b) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in subsections (a)(2), (7), (8), (11), (14), or (15) above, the Town shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Town determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the Town shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Repository.

(c) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) above, the Town shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Repository.

(d) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9), and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Notes. For the purposes of the event identified in (a)(13) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

SECTION 6. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

SECTION 7. Dissemination Agent. The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Town.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate and any provision of this

Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Town, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Town chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Town shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Town, or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the Town, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Town, or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The provisions of this Section 11 shall apply if the Issuer is not the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and to the extent permitted by applicable law and other public policy considerations, the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-13

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Town, the Dissemination Agent, the Participating Underwriters, and Holders from time to time of the Notes and shall create no rights in any other person or entity.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By: _____
Town Manager

Dated: _____, 2016

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-13

Exhibit A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Town: Town of Hilton Head Island, South Carolina

Name of Bond Issue: \$_____ General Obligation Bond Anticipation Notes, Series _____,
Town of Hilton Head Island, South Carolina

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that The Town of Hilton Head Island, South Carolina (the “Town”) has not provided an Annual Report with respect to the above-named Notes as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the Town as Dissemination Agent. The Town has notified us in writing that the Annual Report will be filed by _____.

Dated:_____

**TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA**



MEMORANDUM

TO: Town Council

FROM: Stephen G. Riley, ICMA-CM, Town Manager

VIA: Susan M. Simmons, CPA, Director of Finance

DATE: May 6, 2016

RE: **First Reading of Proposed Ordinance No. 2016-14
General Obligation Bond Ordinance for \$21,200,000**

Recommendation: Town Council approves first reading of Proposed Ordinance No. 2016-14 which establishes authority for issuing not to exceed \$21,200,000 in general obligation (GO) bonds, which will be repaid and pledged from ad valorem taxes.

Summary: Staff recommends that Council adopt this ordinance which is the third in a series of four ordinances described in the background section below. This ordinance proposes to issue new GO bonds for new capital projects and refunding recent projects under reimbursement resolution. These projects include but are not limited to the Shelter Cove Park, sewer projects, Fire Station #2, and the Island Recreation Center Expansion.

The permanent GO bonds are anticipated to be issued approximately one year from now. In the interim, these and other projects will be financed with the immediate issue of bond anticipation notes (BANs). The Town will pledge and repay the BANs with ad valorem taxes, the proceeds from the issuance of these GO bonds, and the proceeds from the issuance of the special obligation bonds (beach preservation fee pledge) for the beach renourishment project. The primary reason for issuing BANs rather than the GO bond is that the Town awaits the outcome of the County Capital Sales Tax referendum which could impact the funding for several Town projects.

Additional information on the bonds being refunded can be found in the attached ordinances.

Background: The four ordinances proposed in this series are for the following debt financing recommendations.

1. Ordinance 2016-12 proposes to refund three previous bond issues to reduce the borrowing rate, resulting in significant savings. (Not to exceed amount – \$30,500,000)

2. Ordinance 2016-13 proposes to issue bond anticipation notes which will provide short-term financing for both capital projects to be financed long-term with general obligation bonds and the beach renourishment project which will be financed long-term with special obligation bonds (beach preservation fee pledge). Due to several pending issues, the timing is not right to make permanent financing decisions. Therefore, staff with the assistance of bond counsel and the financial advisor has determined that it is prudent to issue bond anticipation notes now. Staff expects to issue permanent financing within one year. (Not to exceed amount – \$25,000,000)
3. Ordinance 2016-14 proposes to issue general obligation bonds (new money) to finance – in whole or part, or reimburse several capital projects including the Shelter Cove Park, sewer projects, fire station #2, and the Island Recreation Center expansion. (Not to exceed – \$21,200,000)
4. Ordinance 2016-15 proposes to issue special obligation bonds (beach preservation fee pledge) for the beach renourishment project. The ordinances are being issued for the maximum not to exceed amount; however, staff believes the Town will receive FEMA funding for the beach project which will reduce the bond amount needed. (Not to exceed amount – \$25,200,000)

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$21,200,000 GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, IN ONE OR MORE YEARS, WITH APPROPRIATE SERIES DESIGNATIONS, OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; FIXING THE FORM AND CERTAIN DETAILS OF THE BONDS; AUTHORIZING THE TOWN MANAGER OR HIS LAWFULLY AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; TO ADOPT WRITTEN PROCEDURES RELATED TO CONTINUING DISCLOSURE; OTHER MATTERS RELATING THERETO; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Town Council has been advised that the Town’s capital improvement plan includes several capital projects (the “Capital Projects”) that would appropriately be funded through the issuance of general obligation bonds; and

WHEREAS, the Town has not yet determined the amount needed in order to fund the Capital Projects; and

WHEREAS, the Town intends to authorize the issuance of general obligation bond anticipation notes under separate ordinance to be enacted during the meeting at which this ordinance is enacted; and

WHEREAS, in order to authorize the issuance of general obligation bonds to be used to retire all or a portion of the general obligation bond anticipation notes and to fund the Capital Projects, it is necessary for Town Council to enact an ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AS FOLLOWS:

SECTION 1. Findings and Determinations. The Town Council (the “Town Council”) of the Town of Hilton Head Island, South Carolina (the “Town”), hereby finds and determines:

(a) The Town is an incorporated municipality located in Beaufort County, South Carolina, and as such possesses all powers granted to municipalities by the Constitution of the State of South Carolina, 1895, as amended (the “Constitution”) and laws of the State of South Carolina (the “State”).

(b) Article X, Section 14 of the Constitution provides that general obligation debt may be incurred by the governing body of each municipality of the State for any public and corporate purpose in an amount not exceeding eight (8%) percent of the assessed value of all taxable property of such municipality and upon such terms and conditions as the General Assembly may prescribe.

Such Article further provides that if general obligation debt is authorized by a majority vote of the qualified electors of the municipality voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in such Article.

(c) Title 5, Chapter 21, Article 5, Code of Laws of South Carolina, 1976, as amended (the “Municipal Bond Act”), provides that the municipal council of any municipality may issue general obligation bonds of such municipality for any corporate purpose of such municipality to any amount not exceeding the constitutional debt limitation applicable to such municipality.

(d) The Municipal Bond Act provides that as a condition precedent to the issuance of bonds an election be held and the result be favorable thereto. Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended, provides that if an election be prescribed by the provisions of the Municipal Bond Act, but not be required by the provisions of Article X of the Constitution, then in every such instance, no election need be held (notwithstanding the requirement therefor) and the remaining provisions of the Municipal Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions.

(e) The assessed value of all the taxable property in the Town as of December 14, 2014, for purposes of computation of the Town’s constitutional debt limit, is \$907,022,430. Eight percent of such sum is \$72,561,760. As of the date hereof, the outstanding general obligation debt of the Town subject to the limitation imposed by Article X, Section 14(7) of the Constitution is \$6,967,845. Thus, the Town may incur \$65,593,915 of additional general obligation debt within its applicable debt limitation.

(f) Pursuant to Ordinance No. 2013-03 duly enacted by the Town Council on May 7, 2013, the Town has adopted Written Procedures Related to Tax-Exempt Debt.

(g) Town Council has been advised by Bond Counsel that a best practice related to the issuance of publicly-traded debt is for each issuer to have Written Procedures related to Continuing Disclosure.

(h) It is now in the best interest of the Town for the Town Council to provide for the issuance and sale of not exceeding \$21,200,000 aggregate principal amount general obligation bonds of the Town to provide funds for the purposes of (i) retiring or redeeming a portion of the Town’s General Obligation Bond Anticipation Note, Series 2016; (ii) funding other capital improvements including but not limited to projects related to the Island Recreation Center, fire stations and sewer systems (the “Projects”); (iii) reimbursing the Town for funds previously expended on the Projects; and (iv) paying costs of issuance of the Bonds (hereinafter defined).

SECTION 2. Authorization and Details of the Bonds. Pursuant to the aforesaid provisions of the Constitution and laws of the State, there is hereby authorized to be issued not exceeding

\$21,200,000 general obligation bonds of the Town (the “Bonds”) for the purposes listed in Section 1(h) above.

The Bonds shall be issued as fully-registered Bonds; shall be dated their date of delivery; shall be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of the Bonds maturing in each year; shall be numbered from R-1 upward; shall bear interest at such times as hereafter designated by the Town Manager or his lawfully authorized designee at such rate or rates as may be determined at the time of the sale thereof; and shall mature serially in successive annual installments as determined by the Town Manager or his lawfully authorized designee.

SECTION 3. Delegation of Authority to Determine Certain Matters Relating to the Bonds.

The Town Council hereby expressly delegates to the Town Manager the authority, with respect to the Bonds, to determine (a) the maturity dates and the respective principal amounts maturing on such dates; (b) the interest payment dates; (c) the redemption provisions, if any; (d) the Registrar/Paying agent; (e) whether to publish notice of the adoption of this ordinance under the provisions of Section 11-27-40(8), Code of Laws of South Carolina, 1976, as amended; (f) the date and time of the sale, including whether or not the Bonds should be sold on the same date as one or more series or on separate dates as separate series; and (g) such other matters as are necessary or appropriate. The Town Manager is further directed to consult with the Town’s financial advisor and bond counsel in making any such decisions.

The Town Council hereby further delegates to the Town Manager or his lawfully authorized designee the authority to receive bids on behalf of the Town Council and the authority to award the sale of the Bonds to the lowest bidder therefor, in accordance with the terms of the Notice of Sale for the Bonds, provided the true interest cost does not exceed 5.00%. After the sale of the Bonds, the Town Manager or his lawfully authorized designee shall submit a written report to the Town Council setting forth the results of the sale of the Bonds.

SECTION 4. Registration, Transfer and Exchange of Bonds. The Town shall cause books (herein referred to as the “registry books”) to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bonds under such reasonable regulations as the Registrar/Paying Agent may prescribe.

Each Bond shall be transferable only upon the registry books of the Town, which shall be kept for such purpose at the principal office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond the Registrar/Paying Agent on behalf of the Town shall issue in the name of the transferee a new fully-registered Bond or Bonds, of the same aggregate principal amount, interest rate and maturity as the surrendered

Bond. Any Bond surrendered in exchange for a new registered Bond pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The Town and the Registrar/Paying Agent may deem or treat the person in whose name any fully-registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Town nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Bonds is exercised, the Town shall execute and the Registrar/Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. Neither the Town nor the Registrar/Paying Agent shall be obliged to make any such transfer of Bonds during the fifteenth (15th) day of the calendar month preceding an interest payment date on such Bonds.

SECTION 5. Record Date. The Town establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, and such record date shall be the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on such Bond or, in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the mailing of notice of redemption of Bonds.

SECTION 6. Mutilation, Loss, Theft or Destruction of Bonds. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the Town shall execute and the Registrar shall authenticate and deliver at the principal office of the Registrar, or send by registered mail to the owner thereof at his request, risk and expense a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the Town and the Registrar evidence or proof satisfactory to the Town and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State or such greater amount as may be required by the Town and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Ordinance as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder.

All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

SECTION 7. Form of Bonds. The Bonds shall be in substantially the form attached hereto as Exhibit A and incorporated herein by reference.

SECTION 8. Execution of Bonds. The Bonds shall be executed in the name of the Town with the manual or facsimile signature of the Mayor of the Town attested by the manual or facsimile signature of the Town Clerk under the seal of the Town which shall be impressed, imprinted or reproduced thereon. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each Bond shall bear a certificate of authentication manually executed by the Registrar/Paying Agent in substantially the form set forth herein.

SECTION 9. Security for the Bonds. The full faith, credit, taxing power and resources of the Town are hereby irrevocably pledged for the payment of the principal and interest of the Bonds as they respectively mature and for the creation of such sinking fund as may be necessary to provide for the prompt payment thereof. There shall be levied and collected annually upon all taxable property of the Town an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes. The Town at its option may also utilize any other funds available therefor for the payment of the principal of and interest on the Bonds.

SECTION 10. Defeasance. The obligations of the Town herein made or provided for, shall be fully discharged and satisfied as to any portion of the Bonds, and such Bond or Bonds shall no longer be deemed to be outstanding hereunder when:

(a) such Bond or Bonds shall have been purchased by the Town and surrendered to the Town for cancellation or otherwise surrendered to the Town or the Paying Agent and is canceled or subject to cancellation by the Town or the Paying Agent; or

(b) payment of the principal of and interest on such Bonds either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Paying Agent in trust and irrevocably set aside exclusively for such payment (1) moneys sufficient to make such payment or (2) Government Obligations (hereinafter defined) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the Paying Agent. At such time as the Bonds shall no longer be deemed to be outstanding hereunder, such Bonds shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

“Government Obligations” shall mean any of the following:

(i) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;

(ii) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”);

(iii) general obligation bonds of the State, its institutions, agencies, Towns and political subdivisions which, at the time of purchase, carry a AAA rating from Standard & Poor’s or a Aaa rating from Moody’s Investors Service; and

(iv) a defeasance obligation as defined in Section 6-5-10 of the S.C. Code as such as may be amended from time to time.

(c) Such Bond of Bonds shall be defeased as provided in Section 11-14-110 of the S.C. Code as such may be amended from time to time.

The Town has reserved the right to modify this definition to conform to amendments in State law regarding legal investments of public funds.

SECTION 11. Exemption from State Taxes. Both the principal of and interest on the Bonds shall be exempt, in accordance with the provisions of Section 12-2-50 of the Code of Laws of South Carolina, 1976, as amended, from all State, county, municipal, town and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

SECTION 12. Eligible Securities. The Bonds initially issued (the “Initial Bonds”) will be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company, New York, New York (“DTC”), and transfers of beneficial ownership of the Initial Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of \$5,000 principal amount of bonds of the same maturity or any integral multiple of \$5,000.

The Initial Bonds shall be issued in fully-registered form, one Bond for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal of or interest on the Initial Bonds becomes due, the Paying Agent, on behalf of the Town, shall transmit to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to DTC in accordance with the provisions of the Ordinance.

If (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Town has advised DTC of its determination that DTC is incapable of discharging its duties, the Town shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the Town of the Initial Bonds together with an assignment duly executed by DTC, the Town

shall execute and deliver to the successor securities depository bonds of the same principal amount, interest rate and maturity registered in the name of such successor.

If the Town is unable to retain a qualified successor to DTC or the Town has determined that it is in its best interest not to continue the book-entry system of transfer or that interests of the beneficial owners of the Bonds might be adversely affected if the book-entry system of transfer is continued (the Town undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify beneficial owners of the Bonds by mailing an appropriate notice to DTC, upon receipt by the Town of the Initial Bonds together with an assignment duly executed by DTC, the Town shall execute, authenticate and deliver to the DTC participants bonds in fully-registered form in the denomination of \$5,000 or any integral multiple thereof.

SECTION 13. Sale of Bonds, Form of Notice of Sale. The Bonds shall be sold at public sale. A Notice of Sale shall be distributed to prospective bidders and a summary of such Notice shall be published in a newspaper having general circulation in the State or in a financial publication published in the City of New York, State of New York, or both, not less than seven (7) days prior to the date set for such sale in substantially the form attached hereto as Exhibit B and incorporated herein by reference.

SECTION 14. Preliminary and Final Official Statement. The Town Council hereby authorizes and directs the Town Manager or his lawfully authorized designee to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds together with the Notice of Sale. The Town Council authorizes the Town Manager or his lawfully authorized designee to designate the Preliminary Official Statement as “near final” for purposes of Rule 15c2-12 of the Securities Exchange Commission (the “Rule”). The Town Manager or his lawfully authorized designee is further authorized to see to the completion of the final form of the Official Statement upon the sale of the Bonds so that it may be provided to the purchasers of the Bonds.

SECTION 15. Filings with Central Repository. In compliance with Section 11-1-85 of the SC Code, as amended, the Town covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of an annual independent audit of the Town within thirty (30) days of the Town's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, event specific information of an event which adversely affects more than five (5%) percent of the tax revenues of the Town or the Town's tax base.

SECTION 16. Continuing Disclosure. In compliance with the Rule, the Town covenants and agrees for the benefit of the holders from time to time of the Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of a Continuing Disclosure Certificate in substantially the form attached hereto and incorporated herein by reference as Exhibit C. In the event of a failure of the Town to comply with any of the provisions of the Continuing Disclosure Certificate, an event of default under this Ordinance shall not be deemed to have occurred. In such

event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by the Town.

The Town Council hereby adopts the following procedures relating to continuing disclosure for the Bonds and all future publicly-traded debt:

(a) The Director of Finance or the equivalent thereto (the “DF”) of the Town shall be responsible for compliance with these written procedures and for compliance with any continuing disclosure obligations undertaken by the Town or imposed upon the Town by state or federal law or regulations. The DF is permitted to obtain the assistance of his or her staff and authorized to obtain professional assistance to cause this information to be compiled and provided, but the ultimate responsibility for the dissemination of the information will remain with the DF.

(b) The DF shall acquire a clear understanding regarding the Town’s continuing disclosure obligations. Through participation in professional groups such as the South Carolina Financial Concepts and Strategies Institute and the South Carolina Government Finance Officers Association, the DF shall participate in continuing education programs regarding continuing disclosure.

(c) For each issuance of bonds that involves a continuing disclosure obligation, the DF shall review such continuing disclosure undertaking and discuss with the Town’s bond counsel, financial advisor and underwriter, if any, prior to the execution of such continuing disclosure undertaking.

SECTION 17. Deposit and Use of Proceeds. The proceeds derived from the sale of the Bonds shall be deposited with the Town in a special fund and shall be applied solely to the purposes for which the Bonds have been issued, including payment of costs of issuance of the Bonds, except that the premium, if any, shall be placed in a sinking fund for the Bonds.

SECTION 18. Tax Covenants. The Town hereby covenants and agrees with the holders of the Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the holders of the Bonds for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the “Code”) in effect on the date of original issuance of the Bonds. The Town further covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Bonds would have caused the Bonds to be “arbitrage bonds,” as defined in Section 148 of the Code, and to that end the Town hereby shall:

(i) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bonds are outstanding;

(ii) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and

(iii) make such reports of such information at the time and places required by the Code.

SECTION 19. Declaration of Intent to Reimburse Certain Expenditures. This Ordinance shall constitute the Town’s declaration of official intent pursuant to Regulation §1.150-2 of the Code to reimburse the Town from a portion of the proceeds of the Bonds for expenditures it anticipates incurring (the “Expenditures”) with respect to the Referendum Projects set forth in Section 2(f) hereof prior to the issuance of the Bond. The Expenditures which are reimbursed are limited to Expenditures which are: (a) properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Regulation §1.150-2 of the Code) under general federal income tax principals; or (2) certain de minimis or preliminary Expenditures satisfying the requirements of Regulation §1.150-2(f) of the Code. The source of funds for the Expenditures with respect to these projects will be the Town’s reserve funds. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid; or (b) the date such projects were placed in service, but in no event more than three (3) years after the original Expenditures.

SECTION 20. Miscellaneous. The Town Council hereby authorizes the Mayor and the Town Clerk, the Town Manager, the Director of Finance and any lawfully authorized designee to execute such documents and instruments as may be necessary to effect the issuance of the Bonds or make modifications in any documents including but not limited to the form of the Bond or Notice of Sale, if necessary. The Town Council hereby retains the law firm of McNair Law Firm, P.A. as bond counsel and Stifel – Merchant Capital Division, as financial advisor in connection with the issuance of the Bonds. The Town Manager is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

SECTION 21. Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

SECTION 22. Codification. This Ordinance shall be forthwith codified in the Code of Town Ordinances in the manner required by law.

SECTION 23. Effective Date. This Ordinance shall be effective upon its enactment by the Town Council of the Town of Hilton Head Island, South Carolina.

[Signature Page follows]

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

PASSED, APPROVED, AND ADOPTED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA ON THIS ____ DAY OF _____, 2016.

David Bennett, Mayor

ATTEST:

Victoria L. Pfannenschmidt
Town Clerk

APPROVED AS TO FORM:

Gregory M. Alford, Town Attorney

First Reading: _____

Second Reading: _____

Introduced by Council Member:

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

Exhibit A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
THE TOWN OF HILTON HEAD ISLAND
\$ _____ GENERAL OBLIGATION BOND
SERIES _____

No. R-

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>ORIGINAL</u> <u>ISSUE DATE</u>	<u>CUSIP</u>
--------------------------------	--------------------------------	--------------------------------------	--------------

%

REGISTERED HOLDER:

PRINCIPAL AMOUNT:

DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the Town of Hilton Head Island, South Carolina (the "Town"), is justly indebted and, for value received, hereby promises to pay to the registered holder named above, or registered assigns, the principal amount shown above on the maturity date shown above, upon presentation and surrender of this Bond at the principal office of _____ in _____ (the "Paying Agent"), and to pay interest on such principal sum from the date hereof at the interest rate per annum shown above until this Bond matures. Interest on this Bond is payable semiannually on _____ 1 and _____ 1 of each year commencing _____ 1, 20__, until this Bond matures, and shall be payable by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Town maintained by the registrar, presently _____ in _____ (the "Registrar"), at the close of business on the fifteenth (15th) day of the calendar month next preceding each semiannual interest payment date. The principal and interest on this Bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, that interest on this fully-registered Bond shall be paid by check or draft as set forth above.

This Bond shall not be entitled to any benefit under the Ordinance of the Town authorizing the Bonds, nor become valid or obligatory for any purpose, until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

For the payment of the principal and interest of this Bond as they respectively mature and for the creation of such sinking fund as may be necessary to provide for the prompt

payment hereof, the full faith, credit, taxing power and resources of the Town are hereby irrevocably pledged, and there shall be levied and collected annually upon all taxable property of the Town an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the securities depository nominee, is being issued and required to be deposited with the securities depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the securities depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the securities depository and its participants pursuant to rules and procedures established by the securities depository and its participants. The Town and the Registrar/Paying Agent will recognize the securities depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including payments of principal of and redemption premium, if any, and interest on this bond, notices and voting. Transfer of principal and interest payments to participants of the securities depository will be the responsibility of the securities depository, and transfer of principal, redemption premium, if any, and interest payments to beneficial owners of the Bonds by participants of the securities depository will be the responsibility of such participants and other nominees of such beneficial owners. The Town will not be responsible or liable for such transfers of payments or for maintaining, supervision or reviewing the records maintained by the securities depository, the securities depository nominee, its participants or persons acting through such participants. While the securities depository nominee is the owner of this bond, notwithstanding, the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Registrar/Paying Agent or its successors under the Ordinance and the securities depository.

This Bond is one of a series of Bonds of like date of original issue, tenor and effect, except as to number, date of maturity, denomination, [redemption provisions] and rate of interest, aggregating _____ Dollars issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended; Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended, and Ordinance No. _____ duly enacted by the Town Council of the Town.

[Redemption Provisions]

This Bond is transferable as provided in the Ordinance, only upon the books of the Town kept for that purpose at the principal office of the Registrar by the registered holder in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his duly authorized attorney. Thereupon a new fully-registered Bond or Bonds of the same aggregate principal amount, interest rate, and maturity shall be issued to the transferee in exchange therefor as provided in the

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

Ordinance. The Town, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina (the "State"), this Bond and the interest hereon are exempt from all State, county, municipal, Town and other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State to exist, to happen and to be performed precedent to or in the issuance of this Bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that the amount of this Bond, together with all other indebtedness of the Town does not exceed the applicable limitation of indebtedness under the laws of the State; and, that provision has been made for the levy and collection of a tax, without limit, on all taxable property in the Town sufficient to pay the principal and interest of this Bond as they respectively mature and to create such sinking fund as may be necessary therefor.

IN WITNESS WHEREOF, THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the Town, attested by the manual or facsimile signature of the Town Clerk and the seal of the Town impressed, imprinted or reproduced hereon.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

(SEAL)

Mayor

ATTEST:

Town Clerk

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

Date of Authentication:

This Bond is one of the bonds described in the within mentioned Ordinance of the Town of Hilton Head Island, South Carolina.

as Registrar

By: _____
Authorized Officer

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

_____ Custodian _____
(Cust) (Minor)

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

under Uniform Gifts to
Minors Act _____
(state)

Additional abbreviations may also be used though not in above list.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____
(Name and Address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature(s) must be guaranteed by an institution which is a participant in the registered Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

A copy of the final approving legal opinion to be rendered shall accompany each Bond and preceding the same a certificate shall appear, which shall be signed on behalf of the Town with a manual or facsimile signature of the Town Clerk in the following form:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final legal opinion (except for date and letterhead) of McNair Law Firm, P.A., Columbia, South Carolina, approving the issue of Bonds of which the within Bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the Bonds, and a copy of which is on file with the Town of Hilton Head Island, South Carolina.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By _____
Town Clerk

FORM OF NOTICE OF SALE

\$ _____ GENERAL OBLIGATION BONDS, SERIES _____
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

Time and Place of Sale: NOTICE IS HEREBY GIVEN that proposals addressed to the undersigned will be received on behalf of the Town Council of the Town of Hilton Head Island, South Carolina (the "Town"), in Council Chambers, One Town Center Court, Hilton Head Island, South Carolina, until 11:00 a.m., South Carolina time, on _____, 20__, at which time said proposals will be publicly opened for the purchase of _____ (\$ _____) General Obligation Bonds, Series _____ of the Town (the "Bonds").

Sealed Bids: Each hand delivered proposal shall be enclosed in a sealed envelope marked "Proposal for \$ _____ General Obligation Bonds, Series 20__, Town of Hilton Head Island, South Carolina" and should be directed to the Director of Finance at the address in the first paragraph hereof.

Electronic Bids: Electronic proposals must be submitted through i-Deal's Parity Electronic Bid Submission System ("Parity"). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity may be obtained from i-Deal, 40 W. 23rd Street, 5th floor, New York, New York 10010, Customer Support, telephone (212) 404-8102.

PROPOSALS MAY BE DELIVERED BY HAND OR BY ELECTRONIC BID, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE TOWN AT THE PLACE, DATE AND TIME APPOINTED, AND THE TOWN SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

Book-Entry-Only Bonds: The Bonds will be issued in fully-registered form. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond will be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry-only form in the principal amount of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC. The Bonds will be dated _____ 1, 20__ and will mature serially in successive annual installments on _____ 1 in each of the years and in the principal amounts as follows:

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

_____ 1	Principal Amount*	_____ 1	Principal Amount*
---------	----------------------	---------	----------------------

*Preliminary, subject to adjustment.

Adjustment of Maturity Schedule. If, after final computation of the proposals, the Town determines in its sole discretion that the funds necessary to accomplish the purposes for which the Bonds are being issued are either more or less than the proceeds of the sale of the amount of the Bonds as shown in this Notice of Sale, it reserves the right either to decrease or increase the principal amount of the Bonds (all calculations to be rounded to the near \$5,000), provided that any such decrease or increase shall not exceed 10% of the par amount. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the Town in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph.

The Bonds will bear interest from the date thereof payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 20__.

[Redemption Provisions]

Registrar/Paying Agent: Within twenty-four (24) hours of the sale of the Bonds, the Town will designate a registrar and paying agent (“Registrar/Paying Agent”) for the Bonds. The Registrar/Paying Agent shall be a bank, trust company, depository or transfer agent located either within or without the State of South Carolina.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of 1/20 or 1/8 of 1% with no greater difference than two percent (2%) between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. A bid for less than all the Bonds, a bid at a price less than par or a bid which includes a premium of more than 1% will not be considered. In addition to the bid price, the successful bidder must pay accrued interest from the date of the Bonds to the date of full payment of the purchase price.

Good Faith Deposit: A good faith deposit is not required.

Bid Form: It is requested but not required that you submit your bid on the Proposal for Purchase of Bonds supplied with the Official Statement.

Official Statement: Upon the award of the Bonds, the Town will prepare an official statement (the "Official Statement") in substantially the same form as the preliminary official statement subject to minor additions, deletions and revisions as required to complete the Official Statement. Within seven (7) business days after the award of the Bonds, the Town will deliver the Official Statement to the successful bidder in sufficient quantity to comply with Rule G-32 of the Municipal Securities Rulemaking Board. The successful bidder agrees to supply to the Town within 24 hours after the award of the Bonds all necessary pricing information and any Underwriter identification necessary to complete the Official Statement.

Security: The Bonds shall constitute binding general obligations of the Town, and the full faith, credit, resources and taxing power of the Town are irrevocably pledged for the payment of the principal and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor. There shall be levied and collected annually upon all taxable property of the Town a tax, without limitation as to rate or amount, sufficient for such purposes.

Continuing Disclosure: In order to assist the bidders in complying with S.E.C. Rule 15c2-12(b)(5), the Town will undertake, pursuant to an ordinance and a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Legal Opinion: The Town shall furnish upon delivery of the Bonds the final approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, which opinion shall accompany each Bond, together with the usual closing documents, including a certificate that no litigation is pending affecting the Bonds.

Certificate as to Issue Price: The successful bidder must provide a certificate to the Town by the date of delivery of the Bonds, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate may be obtained from Bond Counsel.

Delivery: The Bonds will be delivered on or about _____, 20____, in New York, New York, at the expense of the Town or at such other place as may be agreed upon with the purchaser at the expense of the purchaser. The balance of the purchase price then due (including the amount of accrued interest) must be paid in federal funds or other immediately available funds.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the Town; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

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Award of Bid. The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost (TIC) to the Town. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount all debt service payments on the Bonds (computed at the interest rates specified in the bid and on the basis of a 360-day year of twelve 30-day months) to the dated date of the Bonds, results in an amount equal to the price bid for the Bonds. In the case of a tie bid, the winning bid will be awarded by lot. The Town reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of the sale.

Additional Information: The Preliminary Official Statement and the Official Notice of Sale of the Town with respect to the Bonds are available via the internet at <http://www.idealprospectus.com> and will be furnished to any person interested in bidding on the Bonds upon request to McNair Law Firm, P. A., Post Office Box 11390, Columbia, South Carolina 29211, attention: Francenia B. Heizer, Esquire, telephone (803) 799-9800, e-mail: fheizer@mcnair.net. The Preliminary Official Statement shall be reviewed by bidders prior to submitting a bid. Bidders may not rely on this Official Notice of Sale as to the complete information concerning the Bonds. For additional information, please contact the Town's Bond Counsel, Francenia B. Heizer, Esquire, McNair Law Firm, P. A., Post Office Box 11390, Columbia, South Carolina 29211, telephone (803) 799-9800, e-mail: fheizer@mcnair.net or the Town's Financial Advisor, Brenton J. Robertson, Managing Director, Stifel – Merchant Capital Division, 515 Gervais Street, Columbia, South Carolina 20201, telephone (803) /331-3848, e-mail: robertsonb@stifel.com.

Town of Hilton Head Island, South Carolina

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Hilton Head Island, South Carolina (the “Town”) in connection with the issuance of \$_____ General Obligation Bonds, Series _____ (the “Bonds”). The Bonds are being issued pursuant to an Ordinance adopted by the Town Council of the Town (the “Council”). The Town covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the beneficial owners and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Bonds**” shall mean the \$_____ General Obligation Bonds, Series _____, of the Town of Hilton Head Island, South Carolina, dated _____.

“**Dissemination Agent**” shall mean the Town or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**National Repository**” shall mean for purposes of the Rule, the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

“**Participating Underwriter**” shall mean _____ and any other original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Repository**” shall mean each National Repository and each State Depository, if any.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Depository” shall mean any public or private repository or entity designated by the State of South Carolina as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to provide, not later than February 1 of each year, commencing in 20____, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date the Town shall provide the Annual Report to the Dissemination Agent, if other than the Town; provided, that if the audited financial statements required pursuant to Section 4 hereof to be included in the Annual Report are not available for inclusion in the Annual Report as of such date, unaudited financial statements of the Town may be included in such Annual Report in lieu thereof, and the Town shall replace such unaudited financial statements with audited financial statements within fifteen (15) days after such audited financial statements become available for distribution. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted separately from the balance of the Annual Report.

(b) If the Town is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Town shall send a notice to the Municipal Securities Rulemaking Board and State Depository, if any, in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Depository, if any; and

(2) if the Dissemination Agent is other than the Town, file a report with the Town and (if the Dissemination Agent is not the Registrar) the Registrar certifying whether the Annual Report has been provided pursuant to this Disclosure Certificate, and, if provided, stating the date it was provided, and listing the Repository to which it was provided.

SECTION 4. Content of Annual Reports.

(a) The Town’s Annual Report shall contain or incorporate by reference the most recent audited financial statements, which shall be prepared in conformity with generally accepted accounting principles (or, if not in such conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information) applicable to governmental entities such as the Town, and shall, in addition, contain or incorporate by reference the following, for the immediately preceding fiscal year:

- (1) Town population;
- (2) Total anticipated state appropriations subject to withholding under Article X, Sec. 14, South Carolina Constitution;
- (3) Outstanding indebtedness of the Town;
- (4) Market value/assessment summary of taxable property in Town;
- (5) Tax levy for Town;
- (6) Tax collections for Town; and
- (7) Five largest taxpayers (including fee-in-lieu-of-tax) for Town.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Town is an “obligated person” (as defined by the Rule), which have been previously filed with the National Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Town will clearly identify each such document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Town shall give, or cause to be given, notice of the occurrence of any of the following events (the “Listed Events”):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution, or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the Town;
- (14) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee.

(b) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in subsections (a)(2), (7), (8), (11), (14), or (15) above, the Town shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Town determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the Town shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Repository.

(c) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) above, the Town shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Repository.

(d) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9), and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds. For the purposes of the event identified in (a)(13) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

SECTION 6. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Town.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Town, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Town chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Town shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Town, or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the Town, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Town, or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The provisions of this Section 11 shall apply if the Issuer is not the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and to the extent permitted by applicable law and other public policy considerations, the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but

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PROPOSED ORDINANCE NO. 2016-14

excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Town, the Dissemination Agent, the Participating Underwriters, and Holders from time to time of the Bonds and shall create no rights in any other person or entity.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By: _____
Town Manager

Dated: _____, 20__

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-14

Exhibit A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Town: Town of Hilton Head Island, South Carolina

Name of Bond Issue: \$_____ General Obligation Bonds, Series _____,
Town of Hilton Head Island, South Carolina

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that The Town of Hilton Head Island, South Carolina (the “Town”) has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the Town as Dissemination Agent. The Town has notified us in writing that the Annual Report will be filed by _____.

Dated: _____

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA



MEMORANDUM

TO: Town Council

FROM: Stephen G. Riley, ICMA-CM, Town Manager

VIA: Susan M. Simmons, CPA, Director of Finance

DATE: May 6, 2016

RE: **First Reading of Proposed Ordinance No. 2016-15
General Obligation Bond Ordinance for \$25,200,000**

Recommendation: Town Council approves first reading of Proposed Ordinance No. 2016-15 which establishes authority for issuing not to exceed \$25,200,000 in special obligation bonds (beach preservation fee pledge) for the beach renourishment project which will be repaid and pledged from beach preservation fees.

Summary: Staff recommends that Council adopt this ordinance which is the fourth in a series of four ordinances described in the background section below. This ordinance proposes to issue special obligation bonds (beach preservation fee pledge) for the beach renourishment project.

These permanent bonds are anticipated to be issued approximately one year from now. In the interim, these and other projects will be financed with the immediate issue of bond anticipation notes (BANs). The Town will pledge and repay the BANs with ad valorem taxes, the proceeds from the issuance of the GO bonds, and the proceeds from the issuance of these special obligation bonds (beach preservation fee pledge) for the beach renourishment project. The primary reason for issuing BANs rather than the special obligation bonds (beach preservation fee pledge) is that the Town anticipates FEMA funding to assist with the beach renourishment which could significantly impact (lessen) the amount of long-term financing.

Additional information on the bonds being refunded can be found in the attached ordinances.

Background: The four ordinances proposed in this series are for the following debt financing recommendations.

1. Ordinance 2016-12 proposes to refund three previous bond issues to reduce the borrowing rate, resulting in significant savings. (Not to exceed amount – \$30,500,000)

2. Ordinance 2016-13 proposes to issue bond anticipation notes which will provide short-term financing for both capital projects to be financed long-term with general obligation bonds and the beach renourishment project which will be financed long-term with special obligation bonds (beach preservation fee pledge). Due to several pending issues, the timing is not right to make permanent financing decisions. Therefore, staff with the assistance of bond counsel and the financial advisor has determined that it is prudent to issue bond anticipation notes now. Staff expects to issue permanent financing within one year. (Not to exceed amount – \$25,000,000)
3. Ordinance 2016-14 proposes to issue general obligation bonds (new money) to finance – in whole or part, or reimburse several capital projects including the Shelter Cove Park, sewer projects, fire station #2, and the Island Recreation Center expansion. (Not to exceed – \$21,200,000)
4. Ordinance 2016-15 proposes to issue special obligation bonds (beach preservation fee pledge) for the beach renourishment project. The ordinances are being issued for the maximum not to exceed amount; however, staff believes the Town will receive FEMA funding for the beach project which will reduce the bond amount needed. (Not to exceed amount – \$25,200,000)

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-15

SECOND SUPPLEMENTAL ORDINANCE

PROVIDING FOR THE ISSUANCE AND SALE OF TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, SPECIAL OBLIGATION BONDS (BEACH PRESERVATION FEE PLEDGE), IN ONE OR MORE SERIES, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$25,200,000; DELEGATING THE AUTHORITY TO THE TOWN MANAGER TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; OTHER MATTERS RELATING THERETO; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Town Council (the “Council”) of the Town of Hilton Head Island, South Carolina (the “Town”), enacted an Ordinance (the “General Bond Ordinance”) on the date hereof to authorize generally the issuance of Bonds (as defined in the General Bond Ordinance); and

WHEREAS, pursuant to the General Bond Ordinance, the Bonds are payable from and secured by a pledge of Beach Preservation Fees (as defined in the General Bond Ordinance); and

WHEREAS, the Town is presently contemplating the undertaking of the New Projects (as defined herein); and

WHEREAS, the Town desires to issue not exceeding \$25,200,000 principal amount of its Special Obligation Bonds (Beach Preservation Fee Pledge), in one or more series (the “New Bonds”) to finance, among other things, the Costs of Acquisition and Construction of the New Projects; and

WHEREAS, the Council has been advised that in order to finance the New Projects, the Council must enact an appropriate ordinance supplemental to the General Bond Ordinance authorizing the issuance of the New Bonds.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

Section 1. Definitions. The terms in this Section 1 and all words and terms defined in the General Bond Ordinance (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the Ordinance as the "Ordinance") (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this Second Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

“Beneficial Owner” shall mean any purchaser who acquires beneficial ownership interest in any Initial Bond held by the Depository. In determining any Beneficial Owner the Town, the Trustee, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the Town, the Trustee, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any New Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

“Bond Purchase Agreement” shall mean one or more Bond Purchase Agreements relating to the sale of the New Bonds, to be dated the date of execution and delivery thereof between the Underwriter and the City, as amended or supplemented thereto.

“Bonds of 2011” shall mean the Town’s \$11,000,000 principal amount Special Obligation Bonds (Beach Preservation Fee Pledge), Series 2011, dated November 18, 2011, and outstanding as of the date of this Second Supplemental Ordinance in the principal amount of \$7,380,000.

“Book-Entry Form” or “Book-Entry System” shall mean with respect to the New Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the New Bonds may be transferred only through a book-entry and (b) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical bond certificates “immobilized” in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the New Bonds, when subject to the Book-Entry System.

“Business Day” shall mean, with respect to the New Bonds issued pursuant to this Second Supplemental Ordinance, any day other than a Saturday, a Sunday or a day which shall be in the State or the state in which the respective office of the Trustee, the Paying Agent and the Registrar is located a legal holiday or a day on which banking institutions are authorized by law or executive order to close.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Certificate” shall have the meaning given that term in Section 15 hereof.

“Depository” shall mean any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the New Bonds, and to effect transfers of the New Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited-purpose trust company), New York, New York.

“First Supplemental Ordinance” shall mean Ordinance No. 2011-21 enacted by the Town Council on September 20, 2011, authorizing the Bonds of 2011.

“General Bond Ordinance” shall mean Ordinance No. 2011-18 enacted by the Town Council on September 6, 2011, authorizing the issuance from time to time of Bonds.

“Initial Bonds” shall mean the New Bonds initially issued in Book-Entry Form as provided in Section 4 hereof.

“Interest Payment Date” shall mean any February 1 and August 1 of each year, commencing August 1, 2016, or such other date as the Town Manager may determine pursuant to Section 11 hereof.

“New Bonds” shall mean the Town of Hilton Head Island, South Carolina, Special Obligation Bonds (Beach Preservation Fee Pledge), issuable in one or more series, in the aggregate principal amount of not exceeding \$25,200,000 authorized to be issued hereunder.

“New Projects” shall mean, collectively, the Projects to be financed with the proceeds of the New Bonds and such other projects as may be approved by the Town Manager and permitted by the Beach Preservation Fee Ordinance.

“Paying Agent” shall mean Wells Fargo Bank, N.A., as Paying Agent for the New Bonds.

“Principal Payment Date” shall have the meaning given to such term in Section 3(a).

“Registrar” shall mean Wells Fargo Bank, N.A., as Registrar for the New Bonds.

“Second Supplemental Ordinance” shall mean shall mean this Ordinance enacted by the Town Council authorizing the New Bonds.

“Series Construction Fund” shall mean one or more Funds established pursuant to Section 9 hereof into which a portion of the proceeds of a Series of the New Bonds will be deposited and from which such proceeds will be disbursed to pay the Costs of Acquisition and Construction of the New Projects (including the Costs of Issuance). Pursuant to Section 9, each Series Construction Fund

shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Debt Service Fund” shall mean one or more Funds established pursuant to Section 7 hereof to provide for the payment of the principal of and interest on the Series of the New Bonds related thereto. Pursuant to Section 7, each Series Debt Service Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Debt Service Reserve Fund” shall mean one or more Funds, if any, established pursuant to Section 8 hereof (a) to insure the timely payment of the principal and interest on the New Bonds related thereto; and (b) to provide for the redemption of the Series of the New Bonds related thereto. Pursuant to Section 8, each Series Debt Service Reserve Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Reserve Fund Requirement” shall mean the amount, if any, established pursuant to Section 8 hereof.

“Trustee” shall mean Wells Fargo Bank, N.A., as Trustee for the Bonds.

“Underwriter” shall mean such bank or financial institution selected by the Town Manager pursuant to Section 11 hereof.

Section 2. Certain Findings and Determinations.

The Town hereby finds and determines:

(a) The Ordinance, the Bond Act and the Accommodations Fee Act authorize the Town to issue Bonds in order to finance Projects (as defined in the General Bond Ordinance). This Second Supplemental Ordinance supplements the Ordinance, constitutes and is a "Supplemental Ordinance" within the meaning of such quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance.

(b) The New Bonds constitute and are "Bonds" within the meaning of the quoted word as defined and used in the Ordinance.

(c) The Beach Preservation Fees pledged under the Ordinance are or will not be encumbered by any lien and charge thereon or pledge thereof, other than: (i) the pledge thereof created under the General Bond Ordinance and the First Supplemental Ordinance for payment and security of the Bonds of 2011; and (ii) the pledge thereof created by the General Bond Ordinance and this Second Supplemental Ordinance for the payment and security of the New Bonds.

(d) There does not exist an Event of Default (as defined in the General Bond Ordinance), nor does there exist any condition which, after the passage of time or the giving of

notice, or both, would constitute such Event of Default.

(e) The estimated Costs of Acquisition and Construction (as defined in the General Bond Ordinance) of the New Projects are \$25,200,000.

(f) The Town proposes to issue the New Bonds, in one or more Series (as defined in the General Bond Ordinance), for one or more of the principal purposes: (1) financing all or a portion of the Costs of Acquisition and Construction of the New Projects (or retiring at maturity or redeeming prior to maturity a portion of the bond anticipation note issued by the Town therefor), (2) financing the Series Reserve Fund Requirement (if any) through a deposit into the Series Debt Service Reserve Fund (if any) established with respect to each Series of New Bonds, and (3) paying the Costs of Issuance of the New Bonds.

(g) The period of usefulness of the New Projects will be in excess of seven (7) years from the date of the acquisition thereof.

(h) It is necessary and in the best interest of the Town to authorize the issuance of the New Bonds in the principal amount of not exceeding \$25,200,000 in accordance with the Bond Act, the Accommodations Fee Act, the Ordinance and this Second Supplemental Ordinance for the purposes set forth above.

Section 3. Authorization of New Bonds.

(a) There is hereby authorized to be issued one or more Series of Bonds designated “Town of Hilton Head Island, South Carolina, Special Obligation Bonds (Beach Preservation Fee Pledge), Series (year)” (the “New Bonds”), including such further words, numbers or letters as may be necessary or desirable to identify individual series thereof, the purposes thereof, or the taxable status thereof, in the aggregate principal amount of not exceeding \$25,200,000. The proceeds of the New Bonds shall be used for the purposes set forth in Section 2(f) hereof.

Unless otherwise determined by the Town Manager pursuant to Section 11 hereof, the New Bonds shall mature on August 1 in each of the years (the “Principal Payment Dates”) and in the principal amounts, and bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), as determined by the Town Manager, pursuant to Section 11 hereof.

(b) Such of the New Bonds as the Town Manager shall determine pursuant to Section 11 hereof shall be subject to mandatory redemption at a redemption price equal to the principal amount of the New Bonds to be redeemed, together with interest accrued from the date of redemption, in the years and in the amounts determined by the Town Manager, pursuant to Section 11 hereof.

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the Town may (i) deliver to the Trustee for cancellation New Bonds which are

subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such New Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the Town and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each New Bond so delivered or previously purchased or redeemed shall be credited by the Trustee, at one hundred percent (100%) of the principal amount thereof, to the obligation of the Town on those respective mandatory redemption obligations in chronological order or such other manner as directed in writing by the Town to the Trustee, and the principal amount of the New Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

(c) The Trustee, without further authorization or direction from the Town, shall give notice of all mandatory redemptions within the time periods and in the manner specified in Article V of the General Bond Ordinance.

(d) The New Bonds shall originally be dated the date of delivery of the New Bonds, or such other date as the Town Manager shall determine pursuant to Section 11 hereof, and shall be issued as fully registered Bonds in the denominations of \$5,000 and integral multiples of \$5,000. The New Bonds shall be numbered and lettered in such a fashion as to maintain a proper record thereof.

(e) Principal of and redemption premium, if any, on the New Bonds shall be payable at the designated corporate trust office of the Paying Agent. Interest on the New Bonds shall be payable on each Interest Payment Date, in each case to the Holders as of the immediately preceding Record Date, such interest to be paid by the Paying Agent by check or draft mailed to each Holder at the address as it appears on the Books of Registry maintained at the designated corporate trust office of the Paying Agent, and in the case of a Holder of \$1,000,000 or more in principal amount of New Bonds, by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder. Payment of the principal of and interest on such New Bonds may be payable to the Holder thereof without presentation and surrender of such New Bonds.

(f) The New Bonds shall be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the series, numbers, denominations, maturities, dates, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this Second Supplemental Ordinance. The New Bonds shall be executed in the name and on behalf of the Town by the manual or facsimile signatures of the Mayor and Town Clerk.

(g) A copy of the approving opinion to be rendered on the New Bonds shall be printed on the back of such New Bonds, preceding the same a certificate shall appear, which shall be signed on behalf of the Town by a facsimile signature of the Town Clerk. Such certificate shall be in the form substantially as follows:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, the original of which was manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and a copy of which is on file with the Town.

THE TOWN OF HILTON HEAD, SOUTH CAROLINA

By: _____
Town Clerk

Section 4. Book-Entry System; Recording and Transfer of Ownership of the New Bonds.

The Initial Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Initial Bonds shall be made only through the Depository and its participants in accordance with rules specified by the Depository. Such beneficial ownership must be of \$5,000 principal amount of Initial Bonds of the same Series and maturity or any integral multiple of \$5,000.

The Initial Bonds will be issued in fully-registered form, as a single bond representing the entire principal amount of each Series of the New Bonds or one New Bond for each of the maturities of each Series of the New Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Initial Bonds becomes due, the Town shall transmit or cause the Paying Agent to transmit to the Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Initial Bonds so registered for all purposes of this Second Supplemental Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Owners of the New Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to the Depository in accordance with the provisions of the General Bond Ordinance.

The Depository is expected to maintain records of the positions of Participants in the Initial Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the Initial Bonds. The Town, the Trustee, the Registrar and the Paying Agent make no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the Town, the Trustee, the Registrar and the Paying Agent shall have no responsibility for any such maintenance of records or transfer of payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

The Town, the Trustee, the Paying Agent and the Registrar may treat the Depository (or its nominee) as the sole and exclusive owner of the New Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the New Bonds, giving any notice permitted or required to be given to Bondholders under the General Bond Ordinance or this Second Supplemental Ordinance, registering the transfer of the New Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The Town, the Trustee, the Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the New Bonds under or through the Depository or any Participant, or any other person which is not shown on the Books of Registry of the Town maintained by the Registrar as being a Bondholder, with respect to: the accuracy of any records maintained by the Depository or any Participant or the maintenance of any records; the payment by the Depository or any Participant of any amount in respect of the principal of, interest or premium, if any, on the New Bonds; the sending of any transaction statements; the delivery or timeliness of delivery by the Depository or any Participant of any notice which is permitted or required to be given to Bondholders thereunder; the selection of Bondholders to receive payments upon any partial redemption of the New Bonds; or any consent given or other actions taken by the Depository as a Bondholder.

If (a) the Depository determines not to continue to act as securities depository for the New Bonds, and gives reasonable notice to the Registrar or the Town, or (b) the Town has advised the Depository of the Town's determination that the Depository is incapable of discharging its duties, then the Town shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the Town or the Registrar of the Initial Bonds together with an assignment duly executed by the Depository, the Town shall execute and deliver to the successor depository, the New Bonds of the same principal amount, interest rate and maturity. If the Town is unable to retain a qualified successor to the Depository, or the Town has determined that it is in its best interest not to continue the Book-Entry System of transfer or that interests of the Beneficial Owners of the New Bonds might be adversely affected if the Book-Entry System of transfer is continued (the Town undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the New Bonds by mailing an appropriate notice to the Depository, upon receipt by the Town of the Initial Bonds together with an assignment duly executed by the Depository, the Town shall execute, authenticate and deliver to the Depository Participants the New Bonds in fully-registered form, in authorized denomination; provided,

however, that the discontinuation of the Book-Entry System of registration and transfer with respect to the New Bonds or the replacement of the Depository or any successor depository shall be subject to the applicable rules and procedures of the Depository or such successor depository on file or otherwise approved by the Securities and Exchange Commission.

Section 5. Optional Redemption of New Bonds. Such of the New Bonds as may be determined by the Town Manager pursuant to Section 11 hereof shall be subject to redemption prior to maturity, at the option of the Town, in whole or in part at any time in such order of their maturities as the Town shall determine and by lot within a maturity, at the respective redemption prices with respect to each New Bond, expressed as a percentage of principal amount of the New Bonds to be redeemed, as shall be determined by the Town Manager pursuant to Section 11 hereof, together, in each such case, with the interest accrued on such principal amount to the date fixed for redemption. The Trustee shall give notice of redemption of the New Bonds by first-class mail, postage prepaid, to the Holders thereof as shown on the Books of Registry of the Town not less than five (5) Business Days prior to the date fixed for the redemption thereof.

Section 6. Payment of the New Bonds. The New Bonds, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Beach Preservation Fees of the Town in accordance with the provisions of the Ordinance and this Second Supplemental Ordinance. The New Bonds shall be secured by a pledge of Beach Preservation Fees on a parity with the pledge of Beach Preservation Fees securing the payment of the Bonds of 2011 and any other Bonds hereafter issued in compliance with the provisions of the General Bond Ordinance.

The New Bonds do not constitute an indebtedness of the Town within any State constitutional provisions (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation. The New Bonds shall not be a debt of the Town, nor a charge, lien or encumbrance, legal or equitable, upon any property of the Town or upon any income, receipts or revenues thereof, other than the aforesaid Beach Preservation Fees of the Town. No recourse shall be had for the payment of the New Bonds or the interest thereon against the general fund of the Town, nor shall the credit or taxing power of the Town be deemed to be pledged thereto. The full faith, credit and taxing powers of the Town are not pledged to the payment of the principal of or interest on the New Bonds.

Section 7. Establishment of Series Debt Service Fund. In accordance with Section 6.6 of the General Bond Ordinance, the Series Debt Service Fund is hereby directed to be established by the Trustee on the date of the original delivery of the New Bonds for the benefit of the Holders of the New Bonds; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for the payment of debt service on such Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the "Series Debt Service Fund" with respect to the related Series of New Bonds.

Section 8. Establishment of the Series Reserve Fund Requirement and Series Debt Service Reserve Fund.

In accordance with Section 6.7 of the Ordinance, the Town Manager may determine whether it is necessary or desirable to establish a Series Debt Service Reserve Fund for the benefit of the Holders of one or more Series of New Bonds (if any) and the amount of the applicable Series Reserve Fund Requirement, and, if so, such Series Debt Service Reserve Fund shall be established on the date of the original delivery of such Series of New Bonds and held by the Trustee, all as provided in the Ordinance; provided, however, that (1) upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established (if at all) for each Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the "Series Debt Service Reserve Fund" with respect to the related Series of New Bonds; and (2) in the event of any full or partial defeasance of a Series of New Bonds under Article X of the Ordinance, then the Series Reserve Fund Requirement established for such Series of New Bonds shall be recalculated based on the then Outstanding principal amount of such Series. If the Series Debt Service Reserve Fund is established, the Series Reserve Fund Requirement initially will be satisfied by the City by the deposit of cash into the Series Debt Service Reserve Fund for the benefit of the Holders of the New Bonds.

Section 9. Series Construction Fund.

There is hereby created and established the Series Construction Fund, which fund shall be held by the Town or by a Custodian; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for such Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the "Series Construction Fund" with respect to the related Series of New Bonds. If the Series Construction Fund is held by a Custodian, the Town Manager is authorized and directed to negotiate, execute and deliver such construction fund agreements or other agreements with such bank or other financial institution as may be necessary or desirable in connection therewith. The Series Construction Fund established for a particular Series of New Bonds shall be accounted for as a single fund, however the moneys on deposit therein may be held by one or more Custodians. The moneys on deposit in the Series Construction Fund shall be used and applied to pay all or a portion of the Costs of Acquisition and Construction of the New Projects (or retiring at maturity or redeeming prior to maturity a portion of the bond anticipation note issued by the Town therefor), including all Costs of Issuance related to the New Bonds.

Moneys held for the credit of the Series Construction Fund shall be invested to the fullest extent practicable and reasonable, in Permitted Investments, maturing at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from such Fund.

Withdrawals from the Series Construction Fund shall be made in the manner withdrawals from other funds of the Town are made.

If after the payment in full of all costs of the New Projects (or retiring at maturity or redeeming prior to maturity a portion of the bond anticipation note issued by the Town therefor) and Costs of Issuance or after adequate provision has been made for such payment any moneys remain in the Series Construction Fund, such excess shall be paid into the related Series Debt Service Fund and shall be used only for the payment of the principal of and interest on the related Series of New Bonds or, in the alternative, to acquire Outstanding New Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof.

Section 10. Designation of Trustee, Registrar and Paying Agent. Pursuant to the Ordinance, the Trustee is Wells Fargo Bank, N.A. The Town Council hereby designates Wells Fargo Bank, N.A. as Registrar and Paying Agent for the New Bonds. The Registrar and Paying Agent shall signify their acceptances of their respective duties upon delivery of the New Bonds.

Section 11. Sale and Issuance of New Bonds.

(a) The Town Manager is hereby authorized and empowered to undertake any one or more of the following actions: (a) determine the original issue dates of each Series of the New Bonds; (b) determine the aggregate principal amount of the New Bonds, if less than authorized by this Second Supplemental Ordinance, and each Series thereof (including the portions thereof to be issued on a taxable or tax-exempt basis); (c) determine the principal amount of each maturity of each Series of the New Bonds; (d) determine the Interest Payment Dates, including the initial Interest Payment Dates, and the Principal Payment Dates for each Series of the New Bonds; (e) determine the optional redemption dates and terms of redemption of each Series of the New Bonds; (f) determine the interest rates for each Series of the New Bonds; (g) determine the New Bonds to be subject to mandatory and optional redemption; (h) determine the redemption prices of the New Bonds subject to optional redemption; (i) determine whether the Series Debt Service Reserve Fund will be established and funded with regard to each Series of New Bonds and, if so, the amount of the applicable Series Reserve Fund Requirement; (j) designate the Underwriter; (k) determine any original issue discount or original issue premium at which each Series of the New Bonds will be sold, or whether any Underwriter's discount or other fee will be paid to the purchasers of the New Bonds; and (l) agree to any other terms, provisions and matters necessary or advisable to effect the issuance of each Series of the New Bonds.

(b) Each Series of the New Bonds shall either be sold publicly, following a private sale to the Underwriter, or directly to one or more purchasers in a private offering or private placement transaction. In connection with a public offering, the Town hereby finds and determines that the Bond Purchase Agreement to be dated the date of its execution, submitted by the Underwriter for the purchase of all or a portion (if any) of each Series of the New Bonds is fair and reasonable and in the best interest of the Town; that, if executed, the New Bonds contemplated by the Bond Purchase Agreement shall be sold to the Underwriter upon the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations therein set forth, and that all conditions precedent to or concurrent with the acceptance of the Bond Purchase Agreement by the Town will be met prior to the Town's execution thereof. The Town Manager is hereby authorized

and directed to approve the form of Bond Purchase Agreement, together with such amendments and modifications to the form thereof as the Town Manager shall negotiate and approve, and to execute the Bond Purchase Agreement, as so modified and amended, and deliver the same to the Underwriter, the Town Manager's execution and delivery of the Bond Purchase Agreement constituting conclusive evidence of approval of the matters therein contained. Notwithstanding the foregoing, the Town Manager is hereby authorized to take all actions, including the preparation and dissemination of requests for proposals and the preparation, publication and/or distribution of information, offering documents or private placement memoranda (which may be in the respective forms of the Bond Purchase Agreement and/or hereinafter defined Preliminary Official Statement, as applicable, together with such amendments and modifications as may be approved by the Town Manager), all relating to the Town, each Series of the New Bonds and the Beach Preservation Fees, to solicit interest and receive offers from financial institutions to purchase one or more Series of the New Bonds in a private offering, and to accept such offer which is in the best interest of the Town and execute such documents as may be necessary in connection therewith.

(c) The Town Manager is hereby authorized and directed to prepare a Preliminary Official Statement, relating to a public offering of each Series of the New Bonds (the "Preliminary Official Statement"), and to take such actions necessary to "deem final" the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(d) The Town hereby authorizes the Final Official Statement of the Town to be dated on or about the date of the execution and delivery of the Bond Purchase Agreement, relating to each Series of the Bonds substantially in the form of the Preliminary Official Statement, with such modifications as the Town Manager approves; the Town Manager of the Town is hereby authorized and directed to execute copies of the Final Official Statement and deliver the same to the Underwriter, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the Town hereby authorizes the use of the Preliminary Official Statement and Final official Statement and the information contained therein in connection with the public offering and sale of each Series of the New Bonds by the Underwriter.

(e) A copy of this Second Supplemental Ordinance shall be filed with the minutes of the meeting at which this Second Supplemental Ordinance was enacted.

(f) The Town Council hereby authorizes and directs all of the officers and employees of the Town to carry out or cause to be carried out all obligations of the Town hereunder and to perform such other actions as they shall consider necessary or advisable in connection with the issuance, sale and delivery of the New Bonds.

(g) The Council hereby authorizes the Town Manager or his designee to negotiate the terms of, and execute, in the name and on behalf of the Town, and deliver investment agreements, forward delivery agreements, repurchase agreements and other agreements in connection with the New Bonds, to prepare and solicit bids for providers of such agreements and to execute, in the name

and on behalf of the Town, written confirmations of any such agreements and other documents as may be necessary in connection therewith. Further, the Town Manager or his designee is hereby authorized to take any and all actions and execute any and all documents, upon the advice of its Bond Counsel, necessary to cause the termination of any forward delivery, repurchase or other investment agreement related to the Bonds of 2011.

Section 12. Disposition of Proceeds of New Bonds and Certain Other Moneys. The proceeds derived from the sale of the New Bonds, net of any original issue discount or premium (or both), any Underwriter's discount or fees payable to the purchaser thereof, shall be deposited with (or at the order of) the Town, the Trustee or the Custodian, as applicable, and used for the following purposes:

(a) If the Town Manager determines that a Series Debt Service Reserve Fund shall be established for a Series of New Bonds and the Series Reserve Fund Requirement shall be funded with a portion of the proceeds of a Series of the New Bonds, there shall be deposited with the Trustee for deposit into such Series Debt Service Reserve Fund an amount equal to the applicable Series Reserve Fund Requirement.

(b) The remainder of the proceeds of any Series of the New Bonds shall be deposited into the Series Construction Fund established in Section 9 hereof to pay all or a portion of the Costs of Acquisition and Construction for the New Projects (or retiring at maturity or redeeming prior to maturity a portion of the bond anticipation note issued by the Town therefor), including Costs of Issuance, for such Series of New Bonds.

The respective amounts specified in this Section 12 shall be determined by the Town upon delivery of any Series of the New Bonds.

Section 13. Federal Tax Covenant. The Town hereby covenants and agrees with the Holders of the New Bonds issued as tax-exempt obligations (the "Tax-Exempt Bonds") that it will not take any action which will, or fail to take any action which failure will, cause interest on the Tax-Exempt Bonds to become includable in the gross income of the Bondholders thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Tax-Exempt Bonds and that no use of the proceeds of the Tax-Exempt Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage bonds," as defined in the Code; and to that end the Town hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Tax-Exempt Bonds are Outstanding;

(b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and

(c) make such reports of such information at the times and places required by the Code.

The Town Manager shall be authorized and directed to prepare and adopt written procedures with respect to tax-exempt debt, including but not limited to the New Bonds.

Section 14. Continuing Disclosure. So long as and to the extent required pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended ("Section 11-1-85"), the Town covenants that it will file with a central repository for availability in the secondary bond market when requested:

- (i) An annual independent audit, within 30 days of the Town's receipt of the audit; and
- (ii) Event-specific information within 30 days of an event adversely affecting more than 5% percent of Beach Preservation Fees or the Town's tax base.

The only remedy for failure by the Town to comply with the covenant of this Section 14 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an "Event of Default" under the Ordinance or this Second Supplemental Ordinance. The Trustee shall have no responsibility to monitor the Town's compliance with this covenant. The Town specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85, without the consent of the Trustee or any Holder of any New Bonds.

In addition, the Town Manager is hereby authorized and directed to approve the form of, and execute and deliver, a Continuing Disclosure Certificate of the Town, related to one or more Series of the New Bonds as required by applicable law, and the Town hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. Notwithstanding any other provisions of this Second Supplemental Ordinance, failure of the Town to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default, and no liability for damages shall attach therefor. The sole remedy for such failure to comply shall be that any New Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town to comply with their obligations under this paragraph.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-15

Section 15. Further Actions. The Mayor, the Town Manager, the Finance Director of the Town, and the Town Clerk are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance of the New Bonds and the refunding of the Certificates to be Refunded.

Section 16. Headings. The headings and titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Second Supplemental Ordinance.

Section 17. Notices. All notices, certificates or other communications hereunder or under the Ordinance shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows:

If to the Town:

Hilton Head Island, South Carolina
Attn: Town Manager
One Town Center Court
Hilton Head Island, South Carolina 29928

If to the Paying Agent, the Registrar or the Trustee:

Wells Fargo Bank, N.A.
Attention: Corporate Trust Department
9062 Old Annapolis Road
R1204-010
Columbia, Maryland 21045

The Town, the Paying Agent, the Registrar and the Trustee may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 18. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the Town, and any part of any ordinance or resolution, inconsistent with this First Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 20. Severability. If any sections, phrase, sentence or portion of this Second Supplemental Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not attest the validity of the remaining portions thereof.

Section 21. Effective Date. This Second Supplemental Ordinance shall be effective upon its adoption by the Town Council for the Town of Hilton Head Island, South Carolina.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-15

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF
HILTON HEAD ISLAND ON THIS _____ DAY OF _____ 2016.

David Bennett, Mayor

ATTEST:

Vicki L. Pfannenschmidt, Town Clerk

First Reading: _____

Second Reading: _____

APPROVED AS TO FORM:

Gregory M. Alford, Town Attorney

Introduced by Council Member: _____

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-15

EXHIBIT A

FORM OF NEW BOND

[DTC Legend]

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA
SPECIAL OBLIGATION BONDS (BEACH PRESERVATION FEE PLEDGE),
SERIES _____

No. R-____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>	<u>CUSIP</u>
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Registered Holder:

Principal Amount:

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA (the "Town") a public body corporate and politic and a political subdivision of the State of South Carolina (the "State"), created and existing by virtue of the laws of the State, acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Owner named above or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Bond be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, upon presentation and surrender hereof at the corporate trust office of Wells Fargo Bank, N.A. in Columbia, Maryland, as trustee (the "Trustee"), and to pay interest on such Principal Amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve (12) 30-day months), until the obligation of the Town with respect to the payment of such Principal Amount shall be discharged. Interest on this Bond shall be payable in semiannual installments on _____ 1 and _____ 1 of each year beginning _____, 2016 (each, an "Interest Payment Date"), until maturity or earlier redemption. All payments shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month (each, a "Record Date") preceding each Interest Payment Date or Principal Payment Date (as defined in the hereinafter defined Ordinances). The payments shall be payable by check or draft mailed at the times provided herein to the person in whose name this Bond is registered at the address shown on the registration books of the Town held by Wells Fargo Bank, N.A., as registrar (the "Registrar"), or, in the case of a Registered Holder of \$1,000,000 or more in principal amount of this Bond, by wire transfer to on account within the continental United States upon the timely receipt of a written request of such Registered Holder. The payments are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 21 AND CHAPTER 1, ARTICLE 5, AND SECTION 6-1-760, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED (COLLECTIVELY, THE "ACT"); THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE TOWN WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (EXCEPT ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUE DERIVED OTHER THAN A TAX OR LICENSE) OR STATUTORY LIMITATION. THE TOWN IS NOT OBLIGATED TO PAY ANY OF THE BONDS OR THE INTEREST THEREON EXCEPT FROM BEACH PRESERVATION FEES (AS DEFINED IN THE ORDINANCES). THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE TOWN, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL CREDIT NOR TAXING POWERS OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

This Bond is one of an issue of bonds of the Town in the aggregate principal amount of _____ Million Dollars (\$_____) (the "Bonds") of like tenor, except as to number, rate of interest, date of maturity and redemption provides, issued pursuant to and in accordance with the Constitution and statutes of the State, including particularly the Act, Ordinance No. 2011-18 duly enacted by the Town Council of the Town (the "Council") on September 6, 2011 (the "General Bond Ordinance"), and Ordinance No. _____ duly enacted by the Council on _____, 2016 (the "Second Supplemental Ordinance") (the General Bond Ordinance and the Second Supplemental Ordinance are herein collectively referred to as the "Ordinances") for the purpose of providing moneys, to (i) finance a portion of all or a portion of the New Projects (or retiring at maturity or redeeming prior to maturity a portion of the bond anticipation note issued by the Town therefor), (ii) satisfy the Series Reserve Fund Requirement (if any) with respect to the Bonds, and (iii) pay all costs of issuing the Bonds.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances. Certified copies of the Ordinances are on file in the office of the Trustee and in the office of the Clerk of Court for Beaufort County, South Carolina.

The Ordinances contain provisions defining terms, set forth the revenues pledged for the payment of the principal of and interest on this Bond and the Bonds of other series herewith which may hereafter be issued on a parity herewith under the Ordinances; set forth the nature, extent and manner of enforcement of the security of this Bond and of such pledge, and the rights and remedies of the Holder hereof with respect thereto; set forth the terms and conditions upon which and the extent to which the Ordinances may be altered, modified and amended; set forth the terms and conditions upon which this Bond is issued upon which other bonds may be hereinafter issued payable as to principal, premium, if any, and interest on a parity with this Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the Town thereunder; and

set forth the terms and conditions upon which the pledge made in the Ordinances for the security of this Bond and upon which the covenants, agreements and other obligations of the Town made therein may be discharged at or prior to the maturity or redemption of this Bond with provisions for the payment thereof in the manner set forth in the Ordinances. Reference is hereby made to the Ordinances to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Act and the Ordinances shall be a contract with the holder of this Bond.

This Bond and the series of Bonds of which it is one and the interest thereon are special obligations of the Town and are secured by and payable solely from, and secured equally and ratably by a pledge of and lien upon, the Beach Preservation Fees imposed and collected by the Town, which pledge is on a parity with the pledge thereof securing the Bonds of 2011 (as defined in the Second Supplemental Ordinance) and any other Bonds (as defined in the General Bond Ordinance) issued from time to time.

The General Bond Ordinance authorizes the issuance of additional bonds on a parity with the Bonds of this issue which, when issued in accordance with the provisions of the General Bond Ordinance, will rank equally and be on a parity herewith.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer and certain franchise taxes.

This Bond is transferable, as provided in the Ordinances, only upon the registration books of the Town kept for that purpose and maintained by the Registrar, by the Holder hereof in person or by his duly authorized attorney, upon (a) surrender of this Bond and an assignment with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder hereof or his duly authorized attorney and (b) payment of the charges, if any, prescribed in the Ordinances. Thereupon a new Bond of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Ordinances. The Town, the Trustee and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of this Bond, the Town or the Trustee or Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

[Redemption Provisions]

If less than all the Bonds of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected at random by the Trustee. In the event any of the

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-15

Bonds or portions thereof are called for redemption, the Trustee shall give notice, in the name of the Town, of redemption of Bonds by first-class mail, postage prepaid, to the Holder thereof as shown on the Books of Registry of the Town not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for the redemption thereof. If this Bond be redeemable and shall have been duly called for redemption and notice of the redemption hereof mailed as aforesaid, and if on or before the date fixed for such redemption, payment thereof shall be duly made or provided for, interest hereon shall cease or accrue from and after the redemption date hereof.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the Town, does not exceed any limit prescribed by such Constitution or statutes.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA has caused this Bond to be signed by the manual or facsimile signature of its Mayor, its corporate seal to be reproduced hereon and the same to be attested by the manual or facsimile signature of its Town Clerk.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

By: _____
Town Clerk

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-15

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Ordinance.

Wells Fargo Bank, N.A., as Trustee

By: _____

Its: _____

Date: _____

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, the original of which was manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and a copy of which is on file with the Town.

THE TOWN OF HILTON HEAD, SOUTH CAROLINA

By: _____

Town Clerk

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2016-15

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(please print or type name and address of Transferee and Social Security or other identifying
number of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

STAMP Language

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed
By an institution which is a participant in the
Securities Transfer Agent Medallion Program
(STAMP) or similar program.

NOTICE: The signature to this assignment
must correspond with name as it appears
upon the face of the within bond in every
particular, without alteration or enlargement
or any change whatever.



TOWN OF HILTON HEAD ISLAND

Public Projects and Facilities Management Department

TO: Stephen G. Riley, ICMA-CM, Town Manager
VIA: Scott Liggett, PE, Dir. of Public Projects & Facilities / Chief Engineer
Mitch Thoreson, Town Attorney
FROM: Jeff Buckalew, PE, Town Engineer
CC: Jennifer Lyle, Assistant Town Engineer
DATE: May 5, 2016
SUBJECT: Condemnation Authority for Right of Way and Easement Acquisitions –
Coligny Area Transportation Improvements

Recommendation:

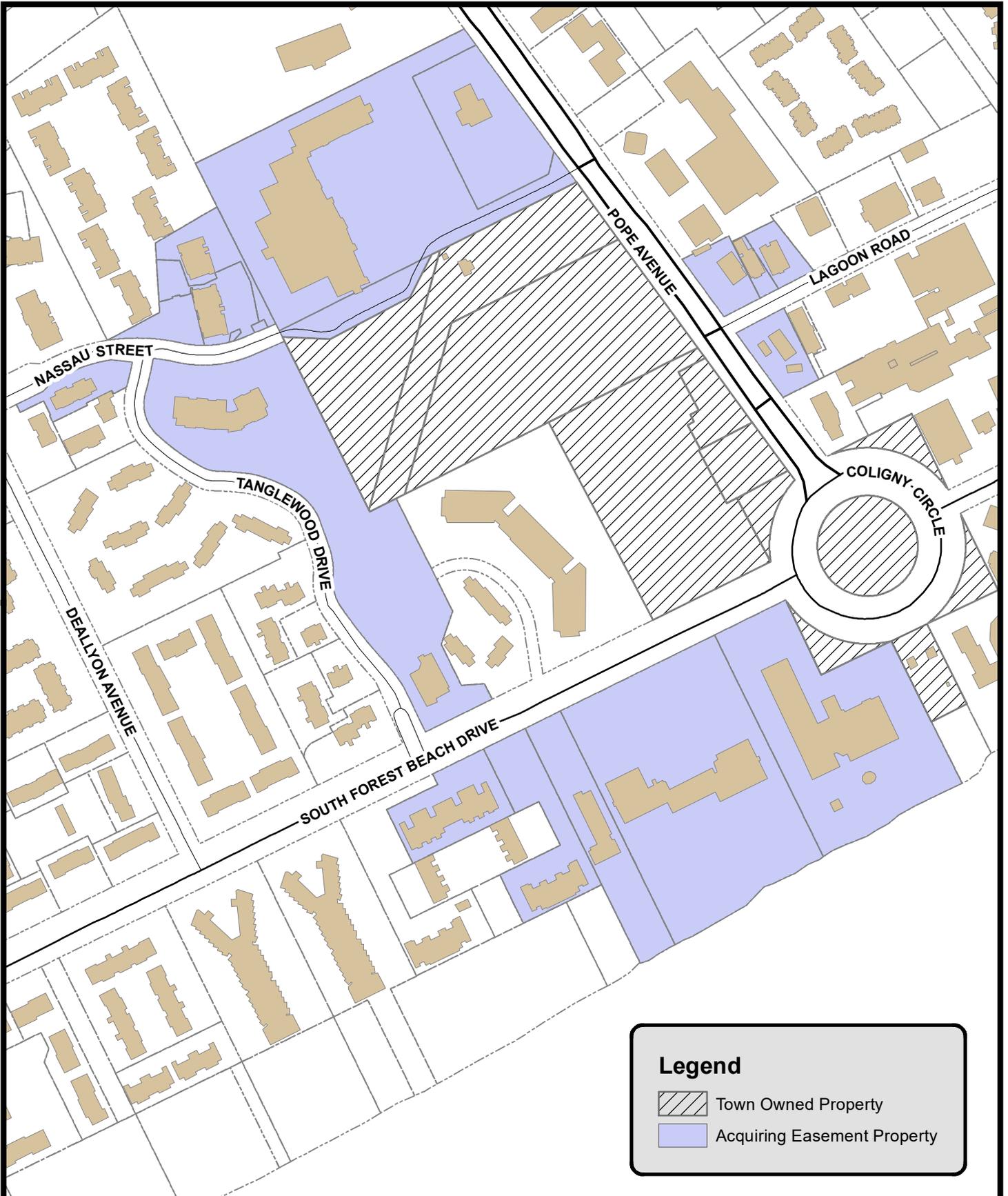
Staff recommends Town Council authorize the Town Attorney and Town Manager to utilize the Town's powers of eminent domain in accordance with South Carolina law, as necessary to acquire the those rights of way and easements required to facilitate the Coligny area transportation projects.

Summary:

Title 28 of the South Carolina Code of Laws empowers the Town to condemn real property for a public purpose. Town staff has developed construction plans based on the Coligny Area Master Plan that was approved by Town Council in October, 2104. Construction and future maintenance of these improvements requires easements and/or right of way on 16 privately owned parcels. Time is of the essence regarding these acquisitions, to allow for construction to begin this fall. Property owners will receive just compensation where condemnations are filed.

Background:

The projects have been designed to minimize impacts to private property. However, there are 16 parcels being impacted to provide for public infrastructure that meets current engineering standards and permitting requirements. The Town will negotiate with these property owners to seek an equitable settlement, however if these negotiations are unsuccessful at a certain date, condemnations will be filed to keep the projects on schedule. Construction is to begin in the fall on these high profile projects to limit potential impacts on tourists and the businesses of the Coligny area. Delays in acquisitions could slide the entire project schedule and have the potential to impose adverse economic impacts on the area.

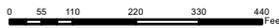


TOWN OF HILTON HEAD ISLAND
 ONE TOWN CENTER COURT
 HILTON HEAD ISLAND, S.C. 29928
 PHONE (843) 341-4600

04/18/2016

Town of Hilton Head Island

Coligny Area Map



1 inch = 333.333333 feet



This information has been compiled from a variety of unverified general sources at various times and as such is intended to be used only as a guide. The Town of Hilton Head Island assumes no liability for its accuracy or state of completion.

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AUTHORIZING CONDEMNATION, PURSUANT TO S.C. CODE SECTION 28-2-10, *et seq.*, OF EASEMENT RIGHTS AND RIGHT OF WAY OWNERSHIP OVER PORTIONS OF PARCELS IN THE COLIGNY AND SOUTH FOREST BEACH AREAS ON HILTON HEAD ISLAND TO FACILITATE THE TOWN OF HILTON HEAD ISLAND’S COLIGNY ROAD IMPROVEMENTS PROJECT.

WHEREAS, the Town has planned and desires to undertake the “Coligny Road Improvements Project”, which Project is for the benefit and use of the general public and which Project involves, among other things, the acquisition of Easement rights and Right of Way ownership over portions of various parcels located in the Coligny and South Forest Beach areas on Hilton Head Island, for the purposes of the construction, maintenance, and use of various pathways and roadways for the general public, all as shown on the attached Exhibit “A” (“Acquisition Needs”); and,

WHEREAS, portions of the following parcels (referenced per Beaufort County Property Identification Number) are affected by the Acquisition Needs:

- R552-018-000-172A-0000
- R552-018-000-172B-0000
- R552-018-000-010A-0000
- R552-018-000-0038-0000
- R553-018-000-003A-0000
- R553-018-000-003B-0000
- R553-018-000-003E-0000
- R553-018-000-0237-0000
- R553-018-000-0246-0000
- R553-018-000-065C-0000
- R553-018-000-0269-0000
- R553-018-000-0268-0000
- R553-018-000-238B-0000
- R553-018-000-0305-0000
- R553-018-000-231B-0000

; and

WHEREAS, pursuant to the aforementioned Project, the Town will also seek Easement rights and/or Right of Way ownership over portions of Parcel R553-018-000-0230-0000, but the extent of acquisition of such land interests over this parcel is currently unknown; and

WHEREAS, the Town must seek condemnation efforts in order to timely obtain the Acquisition Needs and Parcel R553-018-000-0230-0000 land interests; and,

WHEREAS, the Town Council for the Town of Hilton Head Island, South Carolina, has determined that it is in the best interests of the Town to proceed with condemnation of the Acquisition Needs and Parcel R553-018-000-0230-0000 land interests pursuant to S.C. Code Section 28-2-10, *et seq.*

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA AND IT IS HEREBY RESOLVED BY THE AUTHORITY OF THE SAID COUNCIL:

1. The Town Attorney is granted authorization to proceed with condemnation, pursuant to S.C. Code Section 28-2-10, *et seq.*, of the Acquisition Needs in substantial conformance with the attached Exhibit “A” over the above-referenced properties.
2. The Town Attorney is granted authorization to proceed with condemnation, pursuant to S.C. Code Section 28-2-10, *et seq.*, of any necessary acquisitions of land interests in furtherance of the Project and as relate to Beaufort County PIN R553-018-000-0230-0000.

3. The Mayor and/or Town Manager and/or Town Attorney are hereby authorized to take such other and further action as may be necessary to complete the actions authorized hereby.

PASSED AND APPROVED BY THE TOWN COUNCIL THIS ____ DAY OF _____, 2016.

David Bennett, Mayor

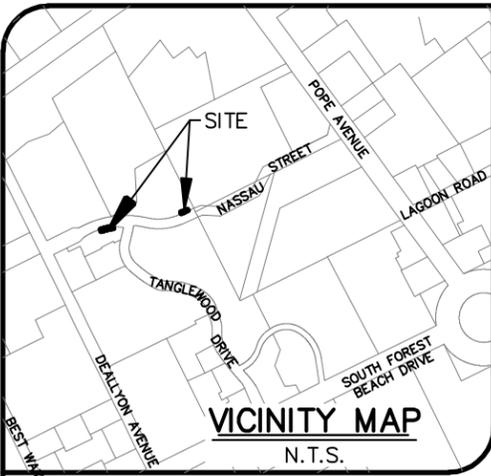
ATTEST:

Vicki L. Pfannenschmidt, Town Clerk

Approved as to Form: _____
Gregory M. Alford, Town Attorney

Introduced by Council Member: _____

Exhibit “A”

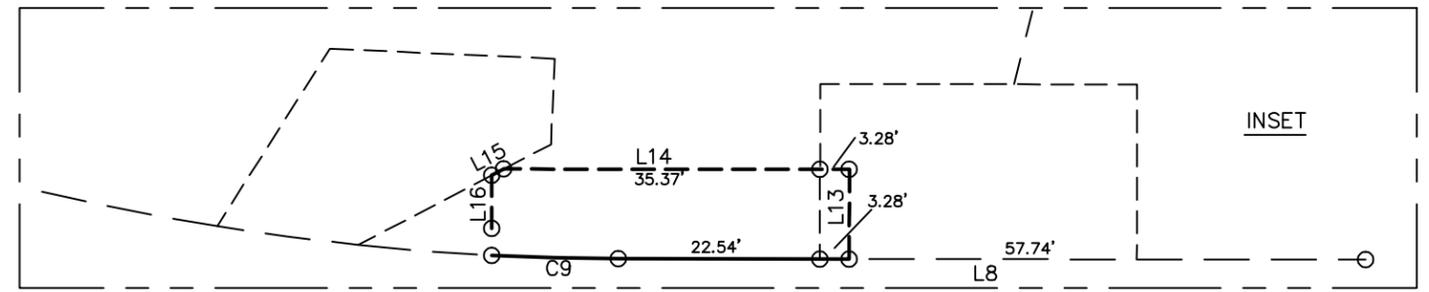


TEMPORARY CONSTRUCTION EASEMENT
22 SQ FT 0.00 ACRES.

R553 018 000 0231 0000
COMMERCIAL NAT'L BANK TRST
PO DRAWER 5
HILTON HEAD ISLAND SC 29938-3637

TEMPORARY CONSTRUCTION EASEMENT
808 SQ FT 0.02 ACRES.

R553 018 000 231B 0000
COMMERCIAL NAT'L BANK TRST
PO DRAWER 5
HILTON HEAD ISLAND SC 29938-3637



TEMPORARY CONSTRUCTION EASEMENT
398 SQ FT
0.01 ACRES.

R553 018 000 0305 0000
TREW HOLDINGS LLC
HWY 278
THE GRAY BUILDING
HILTON HEAD ISLAND SC 29928

TEMPORARY CONSTRUCTION EASEMENT
33 SQ FT
0.00 ACRES.

R553 018 000 0306 0000
TREW HOLDINGS LLC
HWY 278
THE GRAY BUILDING
HILTON HEAD ISLAND SC 29928

R553 018 000 238B 0000
TREW HOLDINGS LLC
PO BOX 5686 THE GRAY BUILDING
HILTON HEAD ISL SC 29938

R553 018 000 0230 0000
HILTON HEAD ISLAND
HOTEL PARTNERS II
277 GERMAN OAK DR
GERMANTOWN TN 38018

R553 018 000 238B 0000
TREW HOLDINGS LLC
PO BOX 5686 THE GRAY BUILDING
HILTON HEAD ISL SC 29938

R553 018 000 238B 0000
TREW HOLDINGS LLC
PO BOX 5686 THE GRAY BUILDING
HILTON HEAD ISL SC 29938

N 113077.82
E 2075431.20

CURVE	LENGTH	RADIUS	CHORD	BEARING	DELTA
C1	110.81	284.20	110.11	N74°52'43"E	22°20'22"
C4	49.03	284.20	48.97	N89°00'23"W	9°53'07"
C5	54.08	96.15	53.37	N79°49'21"E	32°13'39"
C6	188.69	337.18	186.24	N79°46'04"E	32°03'50"
C9	14.18	284.20	14.18	S65°08'19"W	2°51'35"

LINE	LENGTH	BEARING
L8	83.60	S 63°42'32" W
L9	29.88	N 33°34'28" E
L10	100.00	N 63°42'32" E
L11	52.33	S 84°03'49" E
L12	50.15	S 78°58'52" E
L13	10.00	S 26°15'15" E
L14	38.66	N 63°42'32" E
L15	1.51	N 36°09'27" E
L16	5.94	N 26°15'15" W
L19	5.00	S 05°56'11" W
L20	8.97	N 84°03'49" W
L21	108.61	S 63°42'32" W

- NOTES:
- 1) UNDERGROUND UTILITIES NOT LOCATED EXCEPT AS SHOWN.
 - 2) HORIZONTAL DATUM IS S.C. STATE PLANE (NAD 83) 2007.
 - 3) THIS SURVEY HAS BEEN PREPARED WITHOUT BENEFIT OF A TITLE SEARCH AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.
 - 4) PARCEL BOUNDARIES NOT SHOWN IN FULL.

REFERENCE PLAT

1) AN ASBUILT PLAT OF PHASE I, CORAL SANDS HORIZONTAL PROPERTY REGIME, A PORTION OF TAX PARCEL NO. 511-18-238B A SECTION OF SPRINGWOOD VILLAS, BLOCK 8B, FOREST BEACH SUBDIVISION, HILTON HEAD ISLAND, BEAUFORT COUNTY SOUTH CAROLINA
DRAWN: 8/10/93
RECORDED IN BOOK 47, PAGE 49, DATED 93 AUG 30
ROD. BEAUFORT COUNTY, SC
BY: MICHAEL R. DUNIGAN S.C.R.L.S. #11905

ADDRESS: NASSAU STREET & TANGLEWOOD DRIVE
DISTRICT: 552, MAP: 18, PARCELS: 238B, 0305, 0231, 231B
COMMUNITY NO. 450250, PANEL: 013D, DATED: 9/29/86

SOME OR ALL AREAS ON THIS PLAT ARE FLOOD HAZARD AREAS AND HAVE BEEN IDENTIFIED AS HAVING AT LEAST A ONE PERCENT CHANCE OF BEING FLOODED IN ANY GIVEN YEAR BY RISING TIDAL WATERS ASSOCIATED WITH POSSIBLE HURRICANES. LOCAL REGULATIONS REQUIRE THAT CERTAIN FLOOD HAZARD PROTECTIVE MEASURES BE INCORPORATED IN THE DESIGN AND CONSTRUCTION OF STRUCTURES IN THESE DESIGNATED AREAS. REFERENCE SHALL BE MADE TO THE DEVELOPMENT COVENANTS AND RESTRICTIONS OF THIS DEVELOPMENT AND REQUIREMENTS OF THE TOWN BUILDING OFFICIAL. IN ADDITION, FEDERAL LAW REQUIRES MANDATORY PURCHASE OF FLOOD INSURANCE AS A PREREQUISITE TO FEDERALLY INSURED MORTGAGE FINANCING IN THESE DESIGNATED FLOOD HAZARD AREAS.

I HEREBY CERTIFY THAT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF, THE FOREGOING SURVEY AND PLAT ACCORDING WITH THE REQUIREMENTS OF THE SURVEY PROFESSIONAL FOR THE PRACTICE OF LAND SURVEYING IN SOUTH CAROLINA, AND I AM OR BEING THE REGISTRAR FOR A CLASS 'TT' SURVEY/AS SPECIFIED THEREIN; ALSO THERE ARE NO VISIBLE ENCROACHMENTS OR PROJECTIONS OTHER THAN SHOWN.



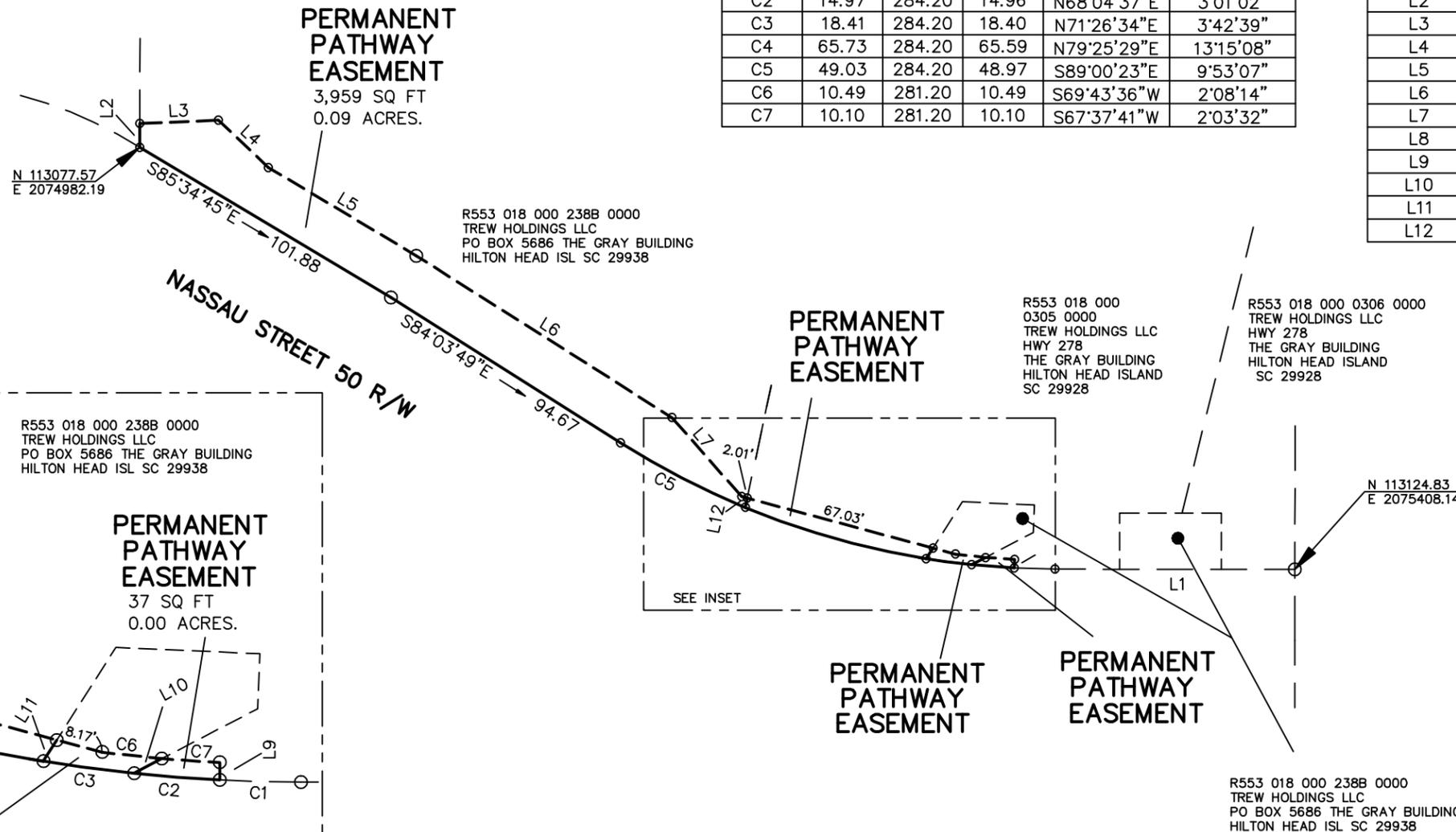
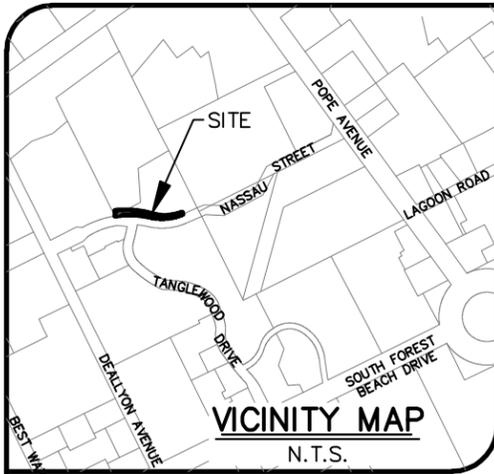
TEMPORARY CONSTRUCTION EASEMENTS OVER PARCELS:
R553 018 000 238B 0000
R553 018 000 0305 0000
R553 018 000 0231 0000
R553 018 000 231B 0000
NASSAU STREET,
HILTON HEAD ISLAND,
BEAUFORT COUNTY, SOUTH CAROLINA

PREPARED FOR: THE TOWN OF HILTON HEAD ISLAND

DATE: 05/08/16
DATE: 03/08/16
GENERAL REVISION
SCALE: 1" = 50'

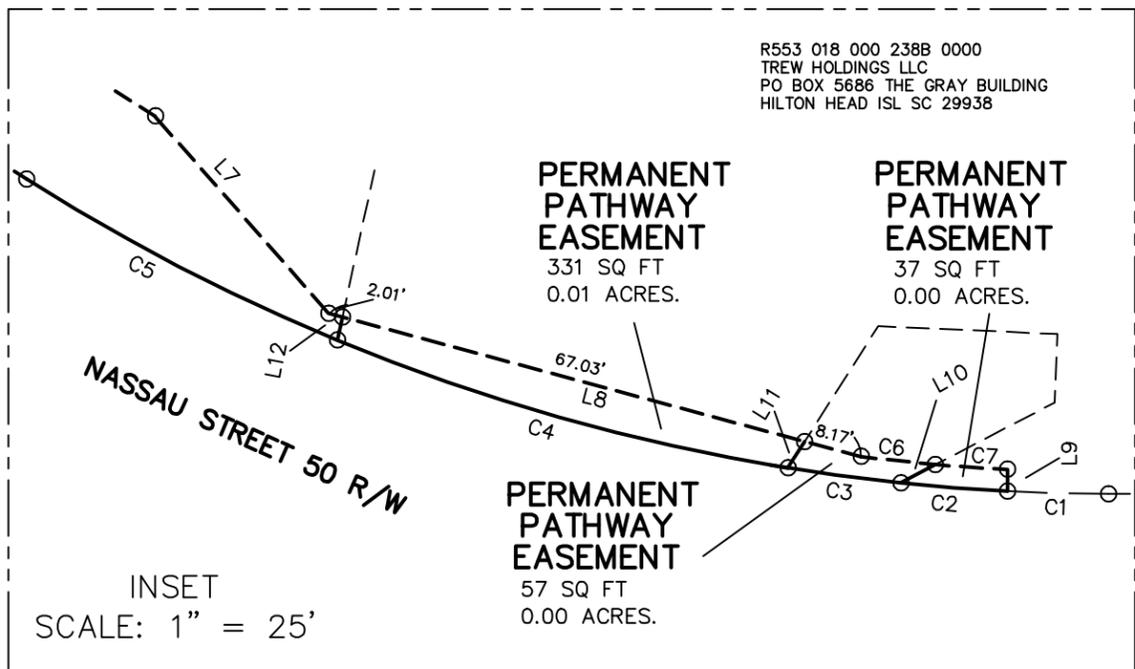


SILS Sea Island Land Survey, LLC.
4D Mathews Court,
Hilton Head Island,
SC 29926
E-mail: sils@sprynet.com
FILE No: 15080/5
DWG No.: 1-2612



CURVE TABLE					
CURVE	LENGTH	RADIUS	CHORD	BEARING	DELTA
C1	14.18	284.20	14.18	N65°08'19"E	2°51'35"
C2	14.97	284.20	14.96	N68°04'37"E	3°01'02"
C3	18.41	284.20	18.40	N71°26'34"E	3°42'39"
C4	65.73	284.20	65.59	N79°25'29"E	13°15'08"
C5	49.03	284.20	48.97	S89°00'23"E	9°53'07"
C6	10.49	281.20	10.49	S69°43'36"W	2°08'14"
C7	10.10	281.20	10.10	S67°37'41"W	2°03'32"

LINE TABLE		
LINE	LENGTH	BEARING
L1	83.60	N 63°42'32" E
L2	8.38	S 26°10'07" E
L3	27.43	S 61°22'17" W
L4	23.92	N 73°04'53" W
L5	60.02	N 85°34'45" W
L6	105.42	N 84°03'49" W
L7	36.69	N 67°47'18" W
L8	77.21	S 78°39'57" W
L9	3.00	N 26°15'15" W
L10	5.50	N 36°02'16" E
L11	4.37	S 06°09'27" W
L12	3.28	N 14°16'12" W



- NOTES:
- 1) UNDERGROUND UTILITIES NOT LOCATED EXCEPT AS SHOWN.
 - 2) HORIZONTAL DATUM IS S.C. STATE PLANE (NAD 83) 2007.
 - 3) THIS SURVEY HAS BEEN PREPARED WITHOUT BENEFIT OF A TITLE SEARCH AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.
 - 4) PARCEL BOUNDARIES NOT SHOWN IN FULL.

REFERENCE PLAT

1) AN ASBUILT PLAT OF PHASE I, CORAL SANDS HORIZONTAL PROPERTY REGIME, A PORTION OF TAX PARCEL NO. 511-18-238B A SECTION OF SPRINGWOOD VILLAS, BLOCK 8B, FOREST BEACH SUBDIVISION, HILTON HEAD ISLAND, BEAUFORT COUNTY SOUTH CAROLINA DRAWN: 8/10/93 RECORDED IN BOOK 47, PAGE 49, DATED 93 AUG 30 ROD. BEAUFORT COUNTY, SC BY: MICHAEL R. DUNIGAN S.C.R.L.S. #11905

ADDRESS: NASSAU STREET
 DISTRICT: 552, MAP: 18, PARCELS: 238B, 0305
 COMMUNITY NO. 450250, PANEL: 013D, DATED: 9/29/86

SOME OR ALL AREAS ON THIS PLAT ARE FLOOD HAZARD AREAS AND HAVE BEEN IDENTIFIED AS HAVING AT LEAST A ONE PERCENT CHANCE OF BEING FLOODED IN ANY GIVEN YEAR BY RISING TIDAL WATERS ASSOCIATED WITH POSSIBLE HURRICANES. LOCAL REGULATIONS REQUIRE THAT CERTAIN FLOOD HAZARD PROTECTIVE MEASURES BE INCORPORATED IN THE DESIGN AND CONSTRUCTION OF STRUCTURES IN THESE DESIGNATED AREAS. REFERENCE SHALL BE MADE TO THE DEVELOPMENT COVENANTS AND RESTRICTIONS OF THIS DEVELOPMENT AND REQUIREMENTS OF THE TOWN BUILDING OFFICIAL. IN ADDITION, FEDERAL LAW REQUIRES MANDATORY PURCHASE OF FLOOD INSURANCE AS A PREREQUISITE TO FEDERALLY INSURED MORTGAGE FINANCING IN THESE DESIGNATED FLOOD HAZARD AREAS.

I HEREBY STATE THAT TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE SURVEY SHOWN HEREON IS ACCURATE AND CORRECT WITH THE MEASUREMENTS OF THE MEASUREMENTS APPLICABLE FOR THE PURPOSES OF LAND SURVEYING IN SOUTH CAROLINA, AND THERE IS NO OTHER INFORMATION FOR A CLASS "T" SURVEY/AS SHOWN THEREIN; ALSO THERE ARE NO VISIBLE ENCROACHMENTS OR PROJECTIONS OTHER THAN SHOWN.

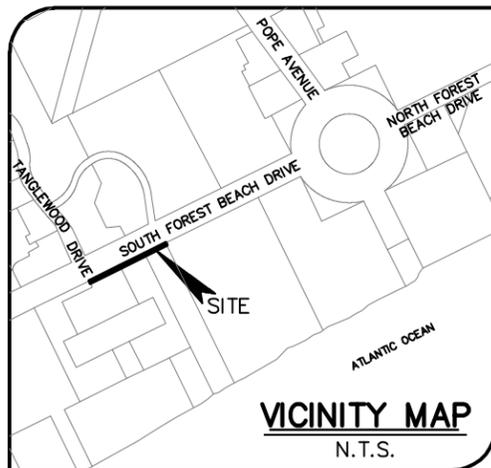


PERMANENT PATHWAY EASEMENT OVER PARCELS:
 R553 018 000 238B 0000
 R553 018 000 0305 0000
 NASSAU STREET,
 HILTON HEAD ISLAND,
 BEAUFORT COUNTY, SOUTH CAROLINA
 PREPARED FOR: THE TOWN OF HILTON HEAD ISLAND

DATE: 05/08/16 SCALE: 1" = 50'

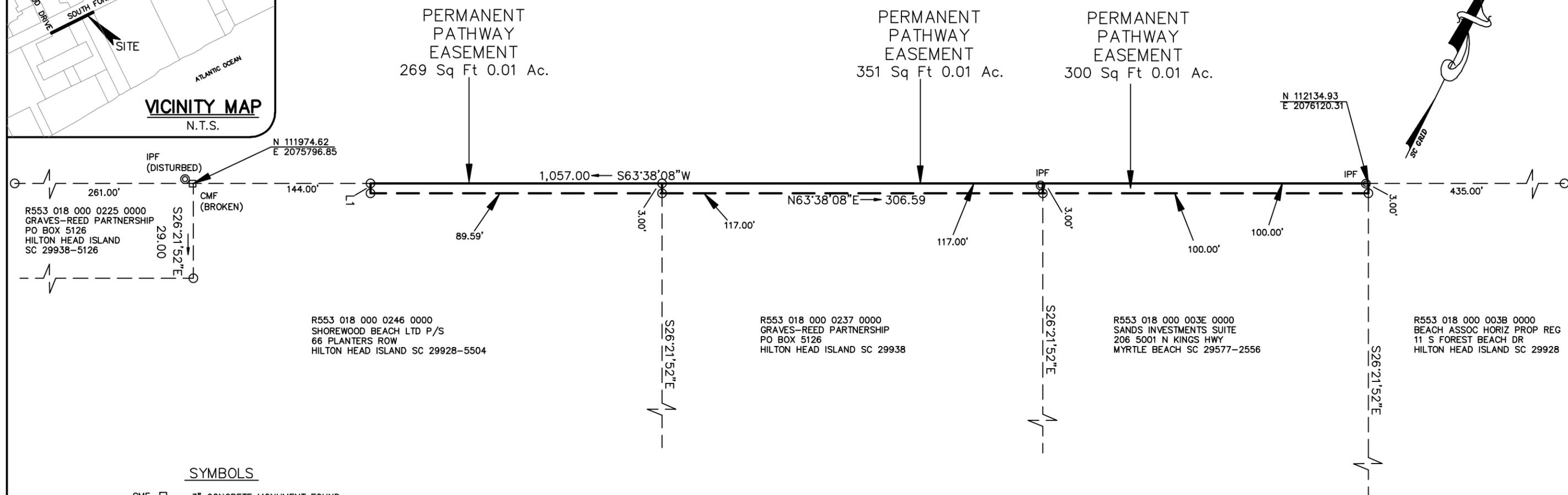


SIS Sea Island Land Survey, LLC.
 4D Mathews Court,
 Hilton Head Island,
 SC 29928
 Tel (843) 681-3248
 Fax (843) 688-3871
 E-mail: sis@sprynet.com
 FILE No.: 15080/5 DWG No.: 1-2613



LINE TABLE		
LINE	LENGTH	BEARING
L1	3.00	S 26°21'52" E

SOUTH FOREST BEACH DRIVE 100' R/W



SYMBOLS

- CMF □ - 3" CONCRETE MONUMENT FOUND
- IPF ⊙ - 1/2" IRON PIN FOUND

REF PLAT

- 1) A RE-PLAT OF SHOREWOOD DEVELOPMENT, SOUTH FOREST BEACH DRIVE, HILTON HEAD ISLAND, BEAUFORT COUNTY, S.C.
DRAWN: 10/11/76, LAST REVISED: 3/10/77
ROD. BEAUFORT COUNTY, SC
BY: E.H. FREISLEBEN S.C.R.L.S. #4624
- 2) A PLAT OF A PLACE AT THE BEACH, HILTON HEAD ISLAND, BEAUFORT COUNTY, S.C.
DRAWN: 7/7/78
RECORDED IN BOOK 27, PAGE 16, DATED 7/19/78
ROD. BEAUFORT COUNTY, SC
BY: L.M. COLEMAN III S.C.R.L.S. #4760
- 3) A BOUNDARY OF OCEAN ONE CONDOMINIUMS, HILTON HEAD ISLAND, BEAUFORT COUNTY, S.C.
DRAWN: 2/20/96
ROD. BEAUFORT COUNTY, SC
BY: M.A. DUNHAM S.C.R.L.S. #11590

ADDRESS: FOREST BEACH DRIVE
DISTRICT: 553, MAP: 18, PARCELS: 3, 237 & 246
COMMUNITY NO. 450250, PANEL: 013D, DATED: 9/29/86

NOTES:

- 1) UNDERGROUND UTILITIES NOT LOCATED EXCEPT AS SHOWN.
- 2) HORIZONTAL DATUM IS S.C. STATE PLANE (NAD 83) 2007.
- 3) THIS SURVEY HAS BEEN PREPARED WITHOUT BENEFIT OF A TITLE SEARCH AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.
- 4) PARCEL BOUNDARIES NOT SHOWN IN FULL.

SOME OR ALL AREAS ON THIS PLAT ARE FLOOD HAZARD AREAS AND HAVE BEEN IDENTIFIED AS HAVING AT LEAST A ONE PERCENT CHANCE OF BEING FLOODED IN ANY GIVEN YEAR BY RISING TIDAL WATERS ASSOCIATED WITH POSSIBLE HURRICANES. LOCAL REGULATIONS REQUIRE THAT CERTAIN FLOOD HAZARD PROTECTIVE MEASURES BE INCORPORATED IN THE DESIGN AND CONSTRUCTION OF STRUCTURES IN THESE DESIGNATED AREAS. REFERENCE SHALL BE MADE TO THE DEVELOPMENT COVENANTS AND RESTRICTIONS OF THIS DEVELOPMENT AND REQUIREMENTS OF THE TOWN BUILDING OFFICIAL. IN ADDITION, FEDERAL LAW REQUIRES MANDATORY PURCHASE OF FLOOD INSURANCE AS A PREREQUISITE TO FEDERALLY INSURED MORTGAGE FINANCING IN THESE DESIGNATED FLOOD HAZARD AREAS.

I HEREBY STATE THAT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF, THE SURVEY SHOWN HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE MINIMUM STANDARDS MANUAL FOR THE PRACTICE OF LAND SURVEYING IN SOUTH CAROLINA, AND MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS "A" SURVEY AS SPECIFIED THEREIN; ALSO THERE ARE NO VISIBLE ENCROACHMENTS OR PROJECTIONS OTHER THAN SHOWN.



NOT VALID UNLESS EMBOSSED.

PERMANENT PATHWAY EASEMENT OVER PARCEL:

R553 018 000 003E 0000
R553 018 000 0237 0000
R553 018 000 0246 0000

SOUTH FOREST BEACH DRIVE
HILTON HEAD ISLAND,
BEAUFORT COUNTY, SOUTH CAROLINA

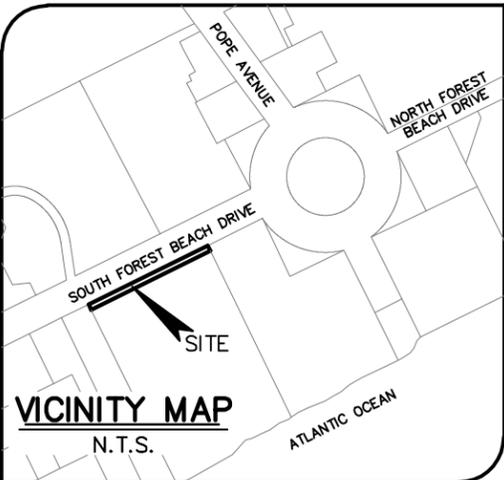
PREPARED FOR: THE TOWN OF HILTON HEAD ISLAND

DATE: 04/12/16 GENERAL REVISION
 DATE: 03/11/16 SCALE: 1" = 30'



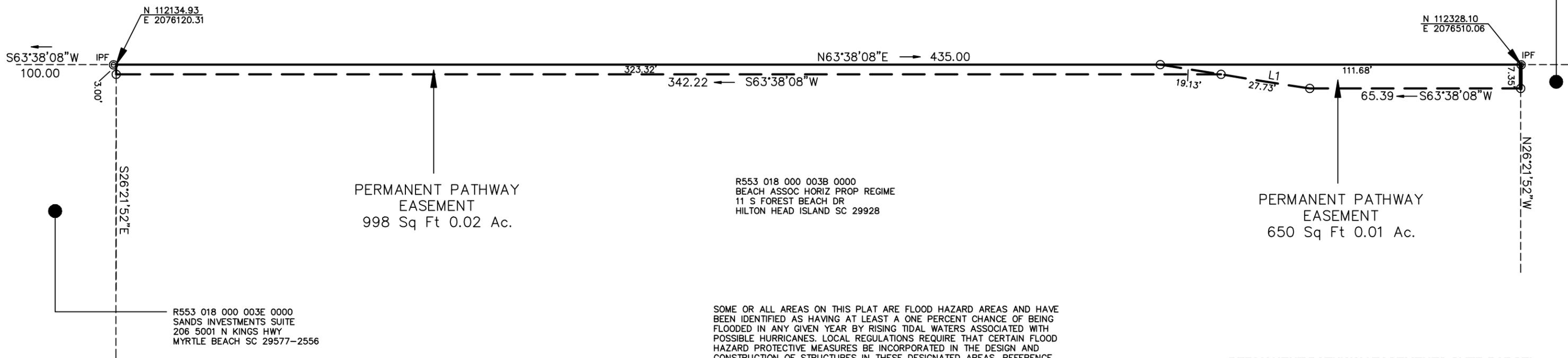
SIS Sea Island Land Survey, LLC.
 4D Mathews Court, Hilton Head Island, SC 29926
 Tel (843) 681-3248
 Fax (843) 689-3871
 E-mail: sis@sprynet.com
 FILE No.: 15080/5 DWG No.: 1-2582

LINE TABLE		
LINE	LENGTH	BEARING
L1	46.86	S 72°39'21" W



SOUTH FOREST BEACH DRIVE 100' R/W

R553 018 000 003A 0000
 AGRE NV HH PROPERTY OWNER LLC
 36 NARROW ROCKS RD
 WESTPORT CT 06880



PERMANENT PATHWAY
 EASEMENT
 998 Sq Ft 0.02 Ac.

R553 018 000 003B 0000
 BEACH ASSOC HORIZ PROP REGIME
 11 S FOREST BEACH DR
 HILTON HEAD ISLAND SC 29928

PERMANENT PATHWAY
 EASEMENT
 650 Sq Ft 0.01 Ac.

SOME OR ALL AREAS ON THIS PLAT ARE FLOOD HAZARD AREAS AND HAVE BEEN IDENTIFIED AS HAVING AT LEAST A ONE PERCENT CHANCE OF BEING FLOODED IN ANY GIVEN YEAR BY RISING TIDAL WATERS ASSOCIATED WITH POSSIBLE HURRICANES. LOCAL REGULATIONS REQUIRE THAT CERTAIN FLOOD HAZARD PROTECTIVE MEASURES BE INCORPORATED IN THE DESIGN AND CONSTRUCTION OF STRUCTURES IN THESE DESIGNATED AREAS. REFERENCE SHALL BE MADE TO THE DEVELOPMENT COVENANTS AND RESTRICTIONS OF THIS DEVELOPMENT AND REQUIREMENTS OF THE TOWN BUILDING OFFICIAL. IN ADDITION, FEDERAL LAW REQUIRES MANDATORY PURCHASE OF FLOOD INSURANCE AS A PREREQUISITE TO FEDERALLY INSURED MORTGAGE FINANCING IN THESE DESIGNATED FLOOD HAZARD AREAS.

PERMANENT PATHWAY EASEMENTS OVER PARCEL:
R553 018 000 003B 0000
SOUTH FOREST BEACH DRIVE
HILTON HEAD ISLAND,
BEAUFORT COUNTY, SOUTH CAROLINA

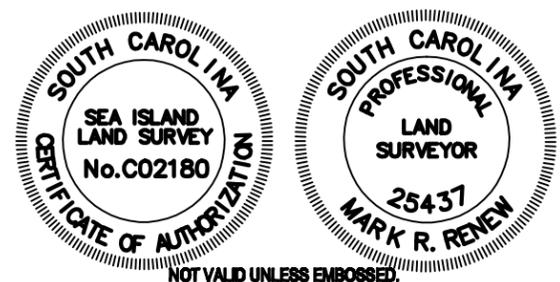
PREPARED FOR: THE TOWN OF HILTON HEAD ISLAND

DATE: 04/13/16 GENERAL REVISION
 DATE: 03/04/16 SCALE: 1" = 30'



SIS Sea Island Land Survey, LLC.
 4D Mathews Court,
 Hilton Head Island,
 SC 29928
 Tel (843) 681-3248
 Fax (843) 689-3871
 E-mail: sis@spynet.com
 FILE No.: 15080/5 DWG No.: 1-2583

I HEREBY STATE THAT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF, THE SURVEY SHOWN HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE MINIMUM STANDARDS MANUAL FOR THE PRACTICE OF LAND SURVEYING IN SOUTH CAROLINA, AND MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS "X" SURVEY AS SPECIFIED THEREIN; ALSO THERE ARE NO VISIBLE ENCROACHMENTS OR PROJECTIONS OTHER THAN SHOWN.



SYMBOLS

IPF © - 1/2" IRON PIN FOUND

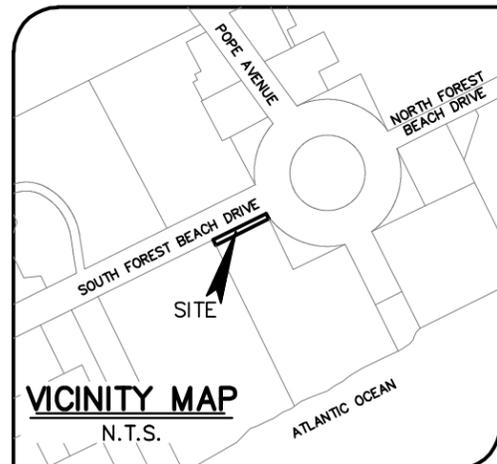
- NOTES:
- 1) UNDERGROUND UTILITIES NOT LOCATED EXCEPT AS SHOWN.
 - 2) HORIZONTAL DATUM IS S.C. STATE PLANE (NAD 83) 2007.
 - 3) THIS SURVEY HAS BEEN PREPARED WITHOUT BENEFIT OF A TITLE SEARCH AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.
 - 4) PARCEL BOUNDARIES NOT SHOWN IN FULL.

- REF PLAT
- 1) A RE-PLAT OF SHOREWOOD DEVELOPMENT, SOUTH FOREST BEACH DRIVE, HILTON HEAD ISLAND, BEAUFORT COUNTY, S.C.
 DRAWN: 10/11/76, LAST REVISED: 3/10/77
 ROD. BEAUFORT COUNTY, SC
 BY: E.H. FREISLEBEN S.C.R.L.S. #4624
 - 2) A PLAT OF A PLACE AT THE BEACH, HILTON HEAD ISLAND, BEAUFORT COUNTY, S.C.
 DRAWN: 7/7/78
 RECORDED IN BOOK 27, PAGE 16, DATED 7/19/78
 ROD. BEAUFORT COUNTY, SC
 BY: L.M. COLEMAN III S.C.R.L.S. #4760
 - 3) A BOUNDARY OF OCEAN ONE CONDOMINIUMS, HILTON HEAD ISLAND, BEAUFORT COUNTY, S.C.
 DRAWN: 2/20/96
 ROD. BEAUFORT COUNTY, SC
 BY: M.A. DUNHAM S.C.R.L.S. #11590

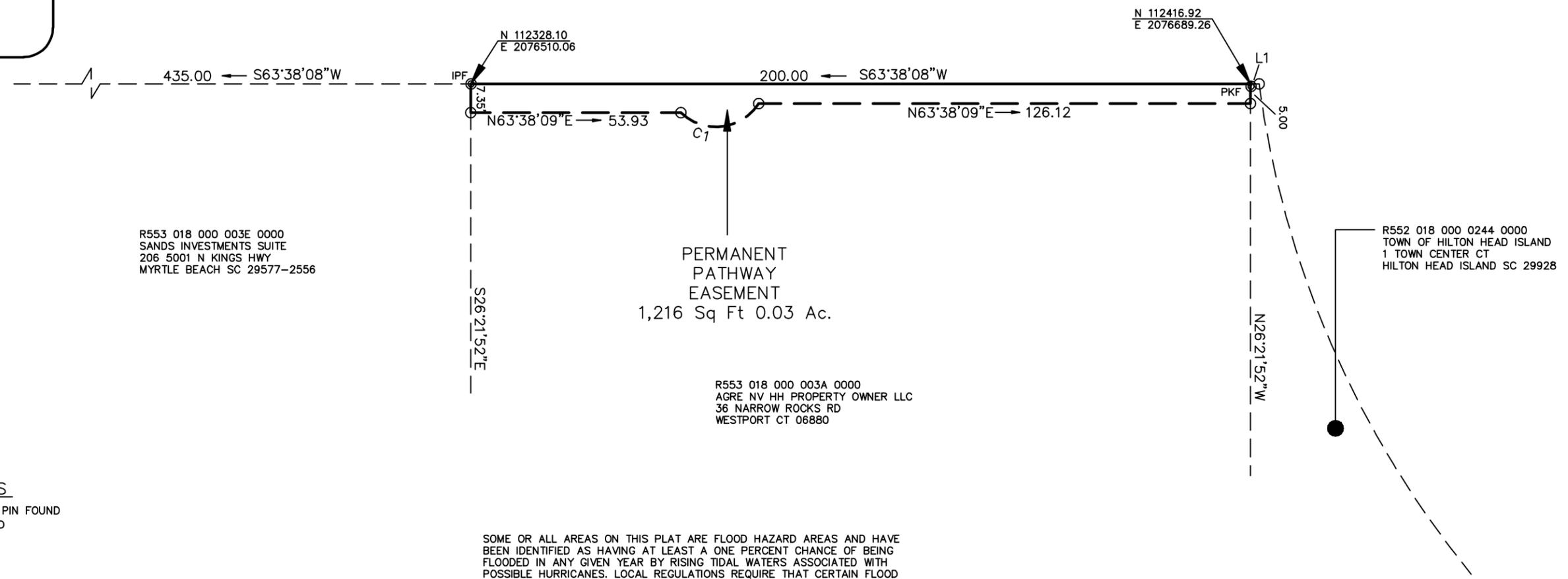
ADDRESS: 11 FOREST BEACH DRIVE
DISTRICT: 553, MAP: 18, PARCELS: 3E
COMMUNITY NO. 450250, PANEL: 013D, DATED: 9/29/86

LINE TABLE		
LINE	LENGTH	BEARING
L1	2.20	S 63°41'31" W

CURVE TABLE					
CURVE	LENGTH	RADIUS	CHORD	BEARING	DELTA
C1	22.95	13.00	20.09	N56°55'26"E	101°09'47"



SOUTH FOREST BEACH DRIVE 100' R/W



R553 018 000 003E 0000
SANDS INVESTMENTS SUITE
206 5001 N KINGS HWY
MYRTLE BEACH SC 29577-2556

R552 018 000 0244 0000
TOWN OF HILTON HEAD ISLAND
1 TOWN CENTER CT
HILTON HEAD ISLAND SC 29928

R553 018 000 003A 0000
AGRE NV HH PROPERTY OWNER LLC
36 NARROW ROCKS RD
WESTPORT CT 06880

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PERMANENT PATHWAY EASEMENT OVER PARCEL:
R553 018 000 003A 0000
SOUTH FOREST BEACH DRIVE
HILTON HEAD ISLAND,
BEAUFORT COUNTY, SOUTH CAROLINA

PREPARED FOR: THE TOWN OF HILTON HEAD ISLAND

SYMBOLS
IPF ⊙ - 1/2" IRON PIN FOUND
PKF ⊙ - NAIL FOUND

REFERENCE PLAT
1) ASBUILT SURVEY OF THE BEACH HOUSE HORIZONTAL PROPERTY REGIME, A SECTION OF FOREST BEACH HILTON HEAD ISLAND, BEAUFORT COUNTY SOUTH CAROLINA 2/26/2013
RECORDED IN BOOK 136, PAGE 75, DATED 02/28/2013
ROD. BEAUFORT COUNTY, SC
BY: TERRY G. HATCHELL S.C.R.L.S. #11059

ADDRESS: 1 FOREST BEACH DRIVE
DISTRICT: 553, MAP: 18, PARCELS: 3E
COMMUNITY NO. 450250, PANEL: 013D, DATED: 9/29/86

- NOTES:**
- 1) UNDERGROUND UTILITIES NOT LOCATED EXCEPT AS SHOWN.
 - 2) HORIZONTAL DATUM IS S.C. STATE PLANE (NAD 83) 2007.
 - 3) THIS SURVEY HAS BEEN PREPARED WITHOUT BENEFIT OF A TITLE SEARCH AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.
 - 4) PARCEL BOUNDARIES NOT SHOWN IN FULL.

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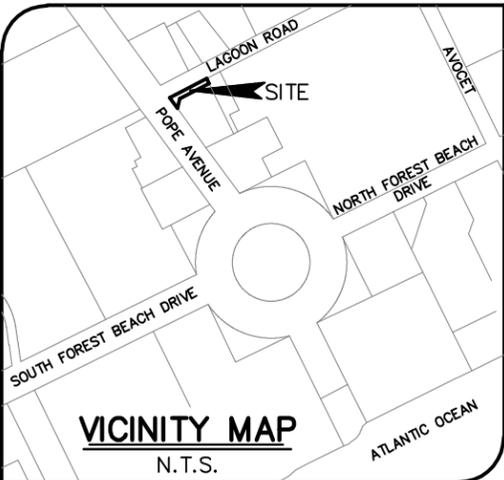


DATE: 04/13/16 GENERAL REVISION
DATE: 03/04/16 SCALE: 1" = 30'

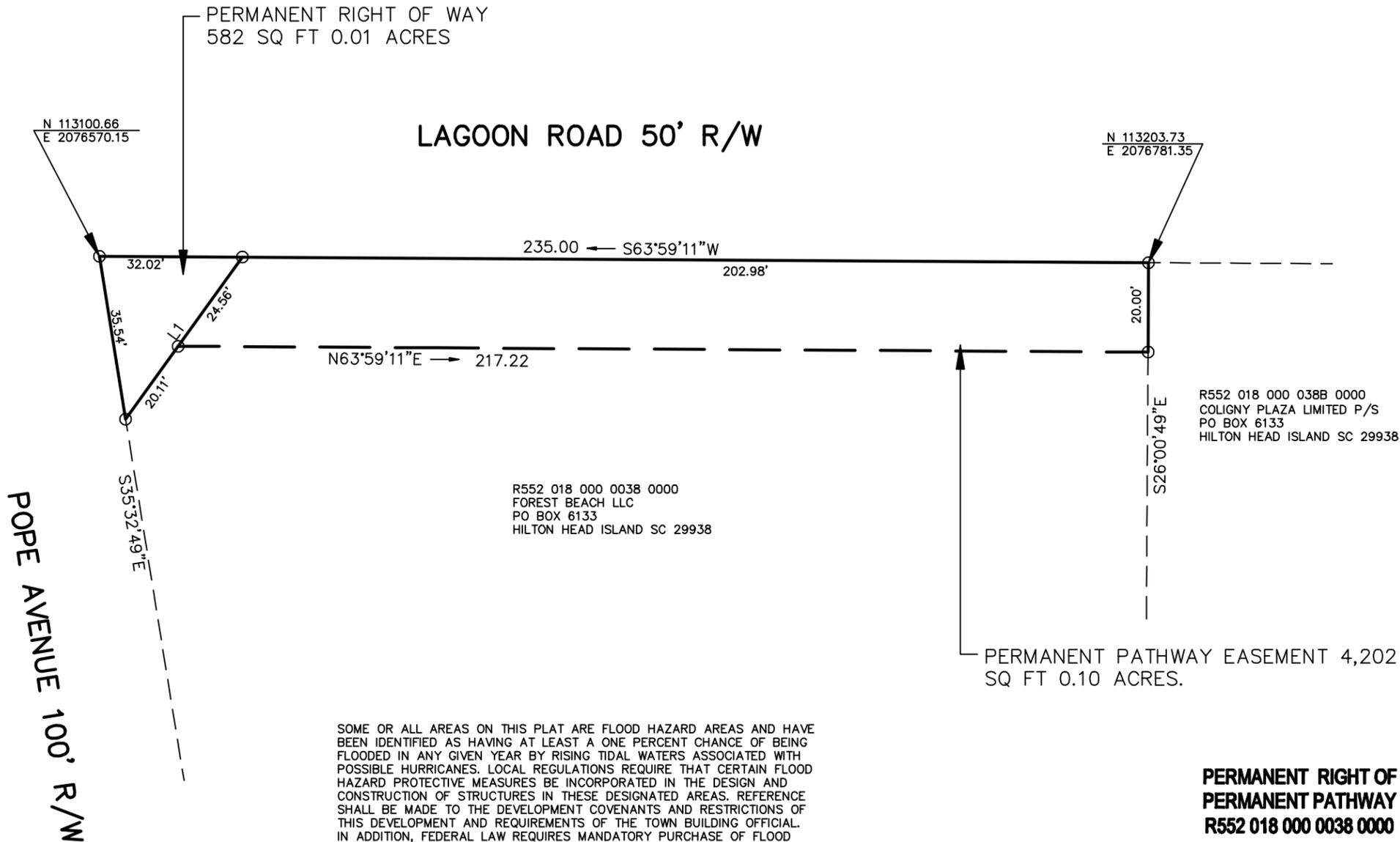


SIS Sea Island Land Survey, LLC.
4D Mathews Court,
Hilton Head Island,
SC 29926
FILE No: 15080/5
Tel (843) 681-3248
Fax (843) 680-3871
E-mail: sile@sprynet.com
DWG No.: 1-2584

NOT VALID UNLESS EMBOSSED.



LINE TABLE		
LINE	LENGTH	BEARING
L1	44.66	N 09°27'11" E



SOME OR ALL AREAS ON THIS PLAT ARE FLOOD HAZARD AREAS AND HAVE BEEN IDENTIFIED AS HAVING AT LEAST A ONE PERCENT CHANCE OF BEING FLOODED IN ANY GIVEN YEAR BY RISING TIDAL WATERS ASSOCIATED WITH POSSIBLE HURRICANES. LOCAL REGULATIONS REQUIRE THAT CERTAIN FLOOD HAZARD PROTECTIVE MEASURES BE INCORPORATED IN THE DESIGN AND CONSTRUCTION OF STRUCTURES IN THESE DESIGNATED AREAS. REFERENCE SHALL BE MADE TO THE DEVELOPMENT COVENANTS AND RESTRICTIONS OF THIS DEVELOPMENT AND REQUIREMENTS OF THE TOWN BUILDING OFFICIAL. IN ADDITION, FEDERAL LAW REQUIRES MANDATORY PURCHASE OF FLOOD INSURANCE AS A PREREQUISITE TO FEDERALLY INSURED MORTGAGE FINANCING IN THESE DESIGNATED FLOOD HAZARD AREAS.

**PERMANENT RIGHT OF WAY AND
PERMANENT PATHWAY EASEMENT OVER PARCEL:
R552 018 000 0038 0000
LAGOON ROAD
HILTON HEAD ISLAND,
BEAUFORT COUNTY, SOUTH CAROLINA**

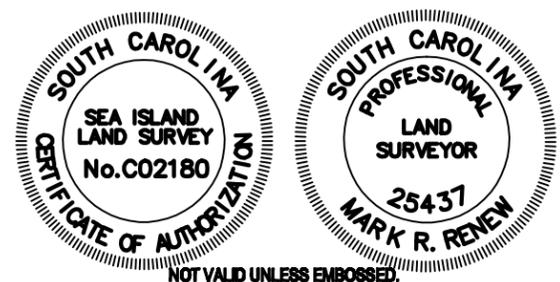
PREPARED FOR: THE TOWN OF HILTON HEAD ISLAND

DATE: 04/13/16 GENERAL REVISION
DATE: 03/04/16 SCALE: 1" = 30'



SIS Sea Island Land Survey, LLC.
4D Mathews Court,
Hilton Head Island,
SC 29928
Tel (843) 681-3248
Fax (843) 689-3871
E-mail: sils@sprynet.com
FILE No.: 15080/5 DWG No.: 1-2585

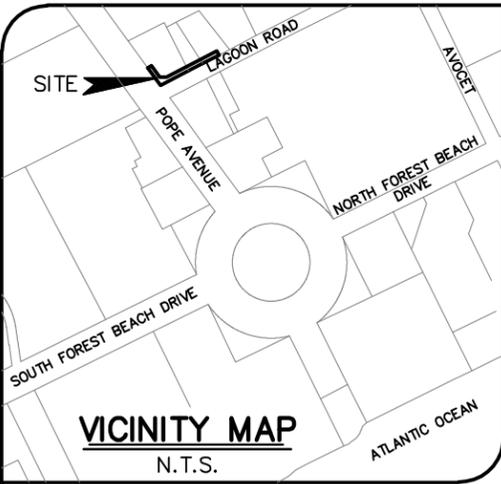
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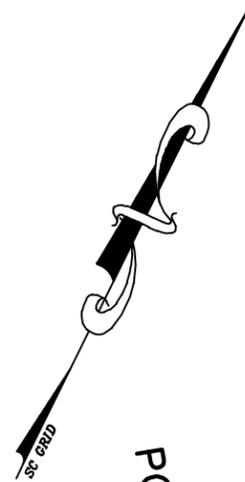
REFERENCE PLAT
1) COLIGNY PLAZA, A SECTION OF BLOCK 5, FOREST BEACH SUBDIVISION, HILTON HEAD ISLAND, BEAUFORT COUNTY SOUTH CAROLINA
DRAWN: 12/4/97
RECORDED IN BOOK 83, PAGE 4, DATED 10/12/2001
ROD. BEAUFORT COUNTY, SC
BY: TERRY G. HATCHELL S.C.R.L.S. #11059

**ADDRESS: 2 LAGOON ROAD
DISTRICT: 552, MAP: 18, PARCELS: 38
COMMUNITY NO. 450250, PANEL: 013D, DATED: 9/29/86**

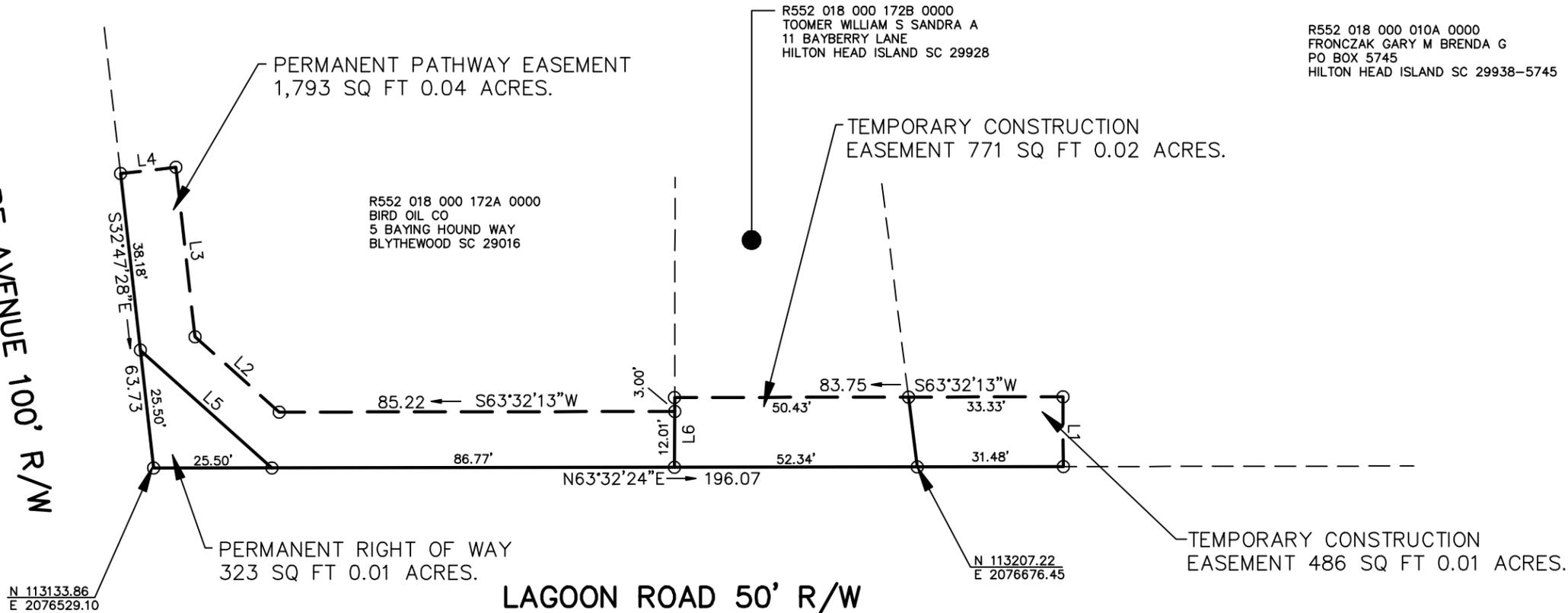
- NOTES:
- 1) UNDERGROUND UTILITIES NOT LOCATED EXCEPT AS SHOWN.
 - 2) HORIZONTAL DATUM IS S.C. STATE PLANE (NAD 83) 2007.
 - 3) THIS SURVEY HAS BEEN PREPARED WITHOUT BENEFIT OF A TITLE SEARCH AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.
 - 4) PARCEL BOUNDARIES NOT SHOWN IN FULL.



LINE TABLE		
LINE	LENGTH	BEARING
L1	15.01	N 26°27'47" W
L2	24.36	N 74°37'37" W
L3	36.64	N 32°47'28" W
L4	12.00	S 57°12'32" W
L5	38.00	N 74°37'37" W
L6	15.01	N 26°15'28" W



POPE AVENUE 100' R/W



SOME OR ALL AREAS ON THIS PLAT ARE FLOOD HAZARD AREAS AND HAVE BEEN IDENTIFIED AS HAVING AT LEAST A ONE PERCENT CHANCE OF BEING FLOODED IN ANY GIVEN YEAR BY RISING TIDAL WATERS ASSOCIATED WITH POSSIBLE HURRICANES. LOCAL REGULATIONS REQUIRE THAT CERTAIN FLOOD HAZARD PROTECTIVE MEASURES BE INCORPORATED IN THE DESIGN AND CONSTRUCTION OF STRUCTURES IN THESE DESIGNATED AREAS. REFERENCE SHALL BE MADE TO THE DEVELOPMENT COVENANTS AND RESTRICTIONS OF THIS DEVELOPMENT AND REQUIREMENTS OF THE TOWN BUILDING OFFICIAL. IN ADDITION, FEDERAL LAW REQUIRES MANDATORY PURCHASE OF FLOOD INSURANCE AS A PREREQUISITE TO FEDERALLY INSURED MORTGAGE FINANCING IN THESE DESIGNATED FLOOD HAZARD AREAS.

PERMANENT RIGHT OF WAY, PERMANENT PATHWAY EASEMENT, AND TEMPORARY CONSTRUCTION EASEMENT OVER PARCELS:
R552 018 000 172A 0000
R552 018 000 172B 0000
R552 018 000 010A 0000
 LAGOON ROAD
 HILTON HEAD ISLAND,
 BEAUFORT COUNTY, SOUTH CAROLINA

REFERENCE PLAT

- 1) COLIGNY PLAZA, A SECTION OF BLOCK 5, FOREST BEACH SUBDIVISION, HILTON HEAD ISLAND, BEAUFORT COUNTY SOUTH CAROLINA
 DRAWN: 12/4/97
 RECORDED IN BOOK 83, PAGE 4, DATED 10/12/2001
 ROD. BEAUFORT COUNTY, SC
 BY: TERRY G. HATCHELL S.C.R.L.S. #11059

NOTES:

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- 2) HORIZONTAL DATUM IS S.C. STATE PLANE (NAD 83) 2007.
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- 4) PARCEL BOUNDARIES NOT SHOWN IN FULL.

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DATE : 04/13/16 GENERAL REVISION
 DATE : 03/07/16

SCALE : 1" = 30'



SIS Sea Island Land Survey, LLC.

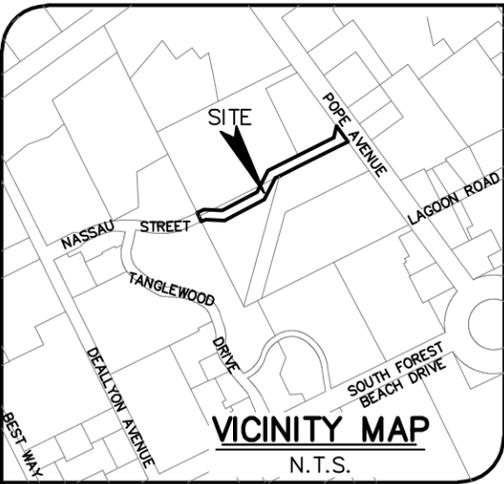
4D Mathews Court,
 Hilton Head Island,
 SC 29928
 Tel (843) 681-3248
 Fax (843) 689-3871
 E-mail: sis@spynet.com

FILE No. : 150805

DWG No. : 1-2586

ADDRESS: LAGOON ROAD
 DISTRICT: 552, MAP: 18, PARCELS: 38
 COMMUNITY NO. 450250, PANEL: 013D, DATED: 9/29/86

NOT VALID UNLESS EMBOSSED.



CURVE TABLE					
CURVE	LENGTH	RADIUS	CHORD	BEARING	DELTA
C1	46.86	230.00	46.78	N80°15'02"E	11°40'25"
C2	7.11	230.00	7.11	N86°58'21"E	1°46'13"
C3	19.62	230.00	19.62	S89°41'52"E	4°53'20"
C4	53.82	275.00	53.73	N87°08'24"E	11°12'47"
C5	181.45	275.00	178.17	N62°37'52"E	37°48'16"
C6	60.29	275.00	60.17	N37°26'53"E	12°33'40"
C7	9.94	275.00	9.94	N30°07'54"E	2°04'16"
C8	50.03	250.00	49.94	N34°49'44"E	11°27'55"
C9	101.15	250.00	100.46	N52°09'07"E	23°10'52"
C10	67.24	257.50	67.04	N65°25'36"E	14°57'38"

LINE TABLE		
LINE	LENGTH	BEARING
L1	77.66	N 26°15'53" W
L2	44.86	N 63°44'33" E
L3	56.77	S 26°15'27" E
L4	51.40	N 63°44'33" E
L5	29.12	N 12°38'18" W
L6	40.00	N 77°21'42" E
L7	11.57	S 12°38'18" E
L8	33.20	N 26°15'27" W
L9	11.40	N 63°42'40" E
L10	8.63	N 26°17'20" W
L11	56.71	N 63°44'33" E
L12	68.11	N 63°44'33" E
L13	44.05	S 26°15'27" E
L14	45.00	N 26°15'27" W

LINE TABLE		
LINE	LENGTH	BEARING
L15	52.00	N 63°44'33" E
L16	15.35	S 26°15'27" E
L17	40.00	N 26°15'27" W
L18	40.00	N 63°44'33" E
L19	40.00	S 26°15'27" E
L20	15.00	N 26°15'27" W
L21	40.00	N 63°44'33" E
L22	15.00	S 26°15'27" E
L23	10.00	N 77°02'30" W
L24	20.00	N 12°57'30" E
L25	10.00	S 77°02'30" E
L26	96.39	S 35°55'29" E
L27	49.85	N 26°15'15" W
L28	58.33	N 12°57'30" E



TEMPORARY CONSTRUCTION EASEMENT 200 SQ FT 0.00 ACRES.

R553 018 000 0306 0000
TREW HOLDINGS LLC
HWY 278 THE GRAY BUILDING
HILTON HEAD ISLAND SC
29928

PERMANENT 50' RIGHT OF WAY
470 SQ FT 0.01 ACRES.

TEMPORARY CONSTRUCTION EASEMENT 2,211 SQ FT 0.05 ACRES.

R553 018 000 0268 0000
BRE RETAIL RESIDUAL CIRCLE CENTER OW
PO BOX 4900-DEPT 124
SCOTTSDALE AZ 85261-4900

TEMPORARY CONSTRUCTION EASEMENT 1,600 SQ FT 0.04 ACRES.

R553 018 000 065C 0000
STORE MASTER FUNDING VII LLC
8501 E PRINCESS DR #190
SCOTTSDALE AZ 85255

TEMPORARY CONSTRUCTION EASEMENT 600 SQ FT 0.01 ACRES.

TEMPORARY CONSTRUCTION EASEMENT 1,086 SQ FT 0.02 ACRES.

TEMPORARY CONSTRUCTION EASEMENT 1,507 SQ FT 0.03 ACRES.

NASSAU STREET
TOWN OF HILTON HEAD
1 TOWN CENTER CT
HILTON HEAD ISL SC 29928

TEMPORARY CONSTRUCTION EASEMENT 4,840 SQ FT 0.11 ACRES.

PERMANENT ROADWAY 50' RIGHT OF WAY
9,385 SQ FT 0.22 ACRES.

PERMANENT 50' RIGHT OF WAY
13,442 SQ FT 0.31 ACRES.

R553 018 000 0230 0000
HILTON HEAD ISLAND HOTEL PARTNERS II
277 GERMAN OAK DR
GERMANTOWN TN 38018

PERMANENT ROADWAY 50' RIGHT OF WAY
16,293 SQ FT 0.37 ACRES.

R553 018 000 0258 0000
TOWN OF HILTON HEAD ISLAND SC
1 TOWN CENTER CT
HILTON HEAD ISL SC 29928

PERMANENT 50' RIGHT OF WAY, AND TEMPORARY CONSTRUCTION EASEMENTS OVER PARCELS:

R553 018 000 065C 0000
R553 018 000 0268 0000
R553 018 000 0269 0000

NASSAU STREET,
HILTON HEAD ISLAND,
BEAUFORT COUNTY, SOUTH CAROLINA

REFERENCE PLAT

- 1) AN UPDATED ASBUILT PLAT OF CIRCLE CENTER AND PARCEL III-A. A SECTION OF POPE AVENUE COMMERCIAL, HILTON HEAD ISLAND, BEAUFORT COUNTY SOUTH CAROLINA
DRAWN: 8/10/93
RECORDED IN BOOK 47, PAGE 49, DATED 93 AUG 30
ROD. BEAUFORT COUNTY, SC
BY: MICHAEL R. DUNIGAN S.C.R.L.S. #11905

SOME OR ALL AREAS ON THIS PLAT ARE FLOOD HAZARD AREAS AND HAVE BEEN IDENTIFIED AS HAVING AT LEAST A ONE PERCENT CHANCE OF BEING FLOODED IN ANY GIVEN YEAR BY RISING TIDAL WATERS ASSOCIATED WITH POSSIBLE HURRICANES. LOCAL REGULATIONS REQUIRE THAT CERTAIN FLOOD HAZARD PROTECTIVE MEASURES BE INCORPORATED IN THE DESIGN AND CONSTRUCTION OF STRUCTURES IN THESE DESIGNATED AREAS. REFERENCE SHALL BE MADE TO THE DEVELOPMENT COVENANTS AND RESTRICTIONS OF THIS DEVELOPMENT AND REQUIREMENTS OF THE TOWN BUILDING OFFICIAL. IN ADDITION, FEDERAL LAW REQUIRES MANDATORY PURCHASE OF FLOOD INSURANCE AS A PREREQUISITE TO FEDERALLY INSURED MORTGAGE FINANCING IN THESE DESIGNATED FLOOD HAZARD AREAS.

NOTES:

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PREPARED FOR: THE TOWN OF HILTON HEAD ISLAND

DATE: 04/13/16 GENERAL REVISION

DATE: 03/08/16

SCALE: 1" = 60'



SIS Sea Island Land Survey, LLC.

4D Mathews Court,
Hilton Head Island,
SC 29928
Tel (843) 681-3248
Fax (843) 689-3871
E-mail: sis@spynet.com

FILE No.: 15080/5

DWG No.: 1-2587

ADDRESS: NASSAU STREET

DISTRICT: 552, MAP: 18, PARCELS: 65C, 268, 269

COMMUNITY NO. 450250, PANEL: 013D, DATED: 9/29/86